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ECONOMIC POLICY, ORGANIZATION, MANAGEMENT

'Conscious Distortion' of Statistics, Information Alleged

18200017 Novosibirsk EKONOMIKA I
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PROIZVODSTVA in Russian

No 8, Aug 88 (signed to press 30 Jun 88) pp 3-20

[Article by B.P. Orlov, doctor of economic sciences, Economics and Organization of Industrial Production Institute, Siberian Department of the USSR Academy of Sciences, under the "Economics and Morality" rubric: "The Illusions and Reality of Economic Information"]

[Text] Illusions and self-deception are dreadful, and fear of the truth is disastrous. (V. I. Lenin)

When we mention the distortions of truth about our country's past and its present with anxiety and alarm, questions inevitably arise concerning the reasons for the persistence of this deplorable phenomenon and its roots. Unfortunately, conscious distortion of information cannot be considered accidental; it became commonplace a long time ago. Of course, it is tempting to ascribe its sources to vestiges of the bourgeois past in the activity and consciousness of persons in order not to cast aspersions on the moral principles of socialism. But for the sake of objectivity, it has to be acknowledged that the tendency to distort information has become deeply rooted under the new social order as well.

After Telling a Lie Just Once..."

The distortion of information reflects the interests of persons, and not only the "base" interests, when a lie is used as a source of personal profit or to please those in charge, but "lofty" interests as well, when it stems from the "good" intentions of managers at different levels. It is deplorable, but a fact, that the very leaders of the country have played a leading role in deviating from the truth in evaluating the most important national economic processes. It looks as if I. V. Stalin did not want to be bothered at all with a search for evidence of the truth in many of his judgments, which in actual fact turned out to be particularly arbitrary interpretations of reality, at times close to being fantasies and hoaxes. Thus, the opinion that the First Five-Year Plan was fulfilled ahead of schedule, in 4 years and 3 months, was confirmed precisely from his "input." In saving the authority of "the leader," the Central Administration of the Statistical Survey of the National Economy (TsUNKhU), which replaced the abolished USSR TsSU [Central Statistical Administration], proceeded to falsify factual data on the dynamics of the national income produced, reporting that the increase amounted to 82 percent for the 1929-1932 period, that is, it was equal to the projection of the initial version of the five-year plan.

Subsequent analyses by B. P. Plyshevskiy, Yu. V. Yeremenko, A. A. Barsov and others¹ made an important correction to the information cited. According to Barsov's calculations, national income produced in the 1929-1932 period had increased by only 59 percent, that is, it had been overstated by 23 percentage points. This distortion was passed "along the chain" into all subsequent data on increases in the national income of the USSR. In 1932 this "makeweight" amounted to 14 percent of the national income actually produced (in 1928 prices).² Conscious distortion of reality was viewed as a means of agitation and propaganda activity aimed at maintaining the workers' high morale and providing incentive for their shock labor. In addition, it was also utilized to maintain the leadership's high prestige among the masses and to instill conviction of its "wisdom" and the validity of all its actions.

The affirmation in the resolution of the January (1933) Joint Plenum of the TsK and TsKK VKP(b) [Central Committee and Central Control Commission of the All-Union Communist Party (of Bolsheviks)] that "an upsurge in the well-being of the working masses" had been observed in the First Five-Year Plan is explained by the desire to color and gloss over reality.³ Meanwhile, this period in fact was characterized by significant reductions in the real wages of workers and employees and the average per capita amount of the consumption fund. Average wages of workers and employees in the 1929-1932 period were increased by 126 percent, but the index of prices rose by 155 percent in planned trade, and by roughly eight times as much in the unorganized market.⁴

The country's leadership arbitrarily came to the conclusion that the USSR had become an industrial country in which the value of industrial output ostensibly was substantially in excess of agricultural output as the result of fulfillment of the First Five-Year Plan. This assertion was supported by data which falsified the real correlation between industry and agriculture. Subsequent calculations made at the Economics Scientific Research Institute attached to the USSR Gosplan showed that industry's share in the national income produced exceeded the share of agriculture only in the 1960's.⁵

Data on fulfillment of the financial program of the First Five-Year Plan were also distorted. Although the total national income produced in the 1929-1932 period reached only 78 percent of the projected initial version of the five-year plan and 73 percent of the most favorable version,⁶ the volume of financial resources utilized was shown as 31 percent more than what had been planned.⁷ This meant that inflationary financing of the national economy had been concealed in summing up. In fact, banknotes totaling 1.25 billion rubles were scheduled to be put into circulation under the plan, but roughly 4 billion rubles were circulated in the 1929-1932 period and another 2.4 billion rubles were circulated in 1933.⁸ The money in circulation in the 1929-1932 period had increased by 4.2 times as much,⁹ but the national income produced had risen by only 1.6 times as

much. It is interesting to note in this connection that the presence of inflation in the USSR had been painstakingly concealed, and it was identified for the first time only in 1986.¹⁰

We cannot have full confidence in the reporting data for the Second Five-Year Plan, either. The Central Administration of the Statistical Survey of the National Economy presented the leadership with five-year plan results which were correlated objectively with the plan targets, and substantial deviations were noted between the former and the latter. Such an approach did not satisfy the leadership, however. The totals became generally known only after they had been crudely embellished. Adjustment of the totals was essentially manipulation of indicators that were not comparable. For example, the results of economic activity in current prices were compared with the planned results in constant prices. Meanwhile, the estimated prices in construction, procurement prices for agricultural output, and especially retail prices had increased significantly over the five-year plan (relative to 1932, the overall trade index for the latter amounted to 180 percent in 1937).¹¹ Thus, the volume of capital investments in the national economy and the introduction of fixed capital turned out to be less than what was planned in comparable prices. In order to move the actual indicators for investments and commissioning "closer" to the planned figures, they measured the former in current prices. In addition, they included expenditures for major repair of assets in use, as well as a monetary estimate of worker participation in local road construction, which was not provided for by the plan, in the capital investments. The amounts of capital investments and fixed capital were thereby increased artificially.

As claimed at the 18th VKP(b) Congress, "the task set by the Second Five-Year Plan of raising the material and cultural level of the workers, increasing the level of national consumption by twice as much and more...has been fulfilled."¹² This assertion was illustrated, in particular, by data showing that the average annual wage for workers and employees had more than doubled, that the gross income of kolkhoz farmers had risen by more than 2.7 times as much, and that retail commodity turnover had tripled (in current prices). At the same time, however, the fact that retail prices in planned trade had risen by 2.1 times as much, which drastically reduced the people's real incomes, was not mentioned. The real wages of workers and employees were increased by only 20 percent¹³ instead of the 96 percent stipulated by the plan, and retail commodity turnover in state and cooperative trade increased by 48 percent (in comparable prices), as opposed to 150 percent under the plan. As far as the cultural level of the workers is concerned, it would be an exaggeration to speak of its "upswing": the average level of education of workers in the USSR on the eve of the Great Patriotic War was the third or fourth grade.¹⁴

Indicators of the dynamics of national income produced by the country in the Second Five-Year Plan are also subject to question: according to TsUNKhU data, it was

increased by 112 percent in the 1933-1937 period. It appears that this indicator was overstated because of inadequate calculation of price movements and procedural inaccuracies. Let us turn our attention to the data for 1933. The national income produced, according to reporting data, rose by 6.6 percent that year, but industry's gross output increased by only 5.3 percent (the decrease in the materials-intensiveness of production in the sector cited was scarcely noticeable). Agricultural production declined by 6 percent, but the TsUNKhU indicated that agricultural net production had increased by 9.5 percent. Meanwhile, net agricultural production in poor harvest years declined to an even greater extent than gross output. Shipments of freight by general-use transport barely increased in 1933 and the volumes of capital investment and foreign trade were reduced. Later, according to the TsUNKhU materials¹⁵, the size of the national income for 1936 turned out to be overstated; the sum which was indicated by official statistics "should not be considered as precise in...the stage of preliminary estimates." A. D. Kurskiy, manager of the balances group of the National Economic Plan Consolidated Department of the USSR Gosplan, considered it advisable "to...recalculate the national income for the years of the Second Five-Year Plan, and particularly for 1937."¹⁶ This was not done, however.

Let us now take the data for 1940. They are not comparable with data for the preceding years, since the territory of the USSR had grown with the Baltic republics, Western Belorussia, Western Ukraine, and Bessarabia. But this lack of comparability was not mentioned in the statistical publications. Distortion of the dynamics of agricultural production in the USSR in the 1929-1940 period was already being pointed out in the literature: instead of the actual increase of 14 percent in its gross output, the official statistics showed 53 percent.¹⁷ The USSR Central Statistical Administration made the corresponding indicator more accurate, although it did not enter the corrections stemming from this in the index of physical volume of the national income.

The disdain by the country's leaders for proof and substantiation of their judgments and the accuracy of the information based on them was maintained in the postwar period as well. Thus, D. A. Kunayev, a member of the Politburo of the CPSU Central Committee at the time, stated at the 26th party congress: "There has been no better five-year plan than the anniversary plan—the 10th Five-Year Plan—for our republic (Kazakhstan—B. O.), as well as for the entire country."¹⁸ Meanwhile, the five-year plan for increasing the national income utilized in the country had been fulfilled by 80 percent; 67 percent of the plan for industrial production had been fulfilled, including just 45 percent of the plan in Kazakhstan.¹⁹ This is a specimen of the "veracity" presented to the congress delegates by the party leader of Kazakhstan, who probably cared only about striking a tone in his statements which glorified L. I. Brezhnev!

The plan for 1981 provided for an increase of 4.1 percent in industrial production, but it actually amounted to 3.4

percent. Nevertheless, it was announced that "the annual plan for overall production volume was fulfilled."²⁰ In an interview with the newspaper ARBEITEN ZEITUNG, N. A. Tikhonov, who was chairman of the USSR Council of Ministers at that time, stated that "many important changes, changes for the better, are taking place..." in the country's national economy, that "the tasks of accelerating scientific and technical progress are being persistently resolved," and that "the state of affairs in transport, capital construction, and agriculture has become better."²¹ This was an obvious exaggeration of what had been achieved: the time of major changes and acceleration of technical progress had not yet begun, and transport was continuing to function irregularly; the rate of growth in the national income declined in 1984. In one of his speeches, M. S. Gorbachev assessed the 1981-1984 period as "the most disturbing years."²²

The opening of through traffic on the BAM [Baykal-Amur Mainline] was announced with pomp in October 1984, although at this "historic" moment track equipment still had not been prepared on a 100-kilometer section and not one freight consist had traversed the entire route yet.

Unfortunately, the USSR TsSU (now the Goskomstat [State Committee for Statistics]) also made its contribution to the dissemination of distorted information. This was reflected in particular by the fact that the increased prices for machine building and chemical industry output and consumer goods in the USSR were hushed up for a protracted period. Industry resorts quite extensively to hidden price increases when a product assortment is updated: the price of a new commodity is increased without appropriate improvement in its consumption qualities and a change in production costs. This so-called assortment method of increasing prices became widespread after the 1965 reform, which advanced profitability as one of the basic indicators to evaluate enterprises' economic activity, and it is being utilized "successfully" by them to manipulate profit. However, it escapes the attention of statistics, although it is common knowledge to researchers and has long provoked the indignation of consumers, which is attested in particular by their letters to newspapers and journals.

The reassuring statements by the managers of statistical departments are obviously out of tune with the independent calculations by specialists in this regard. Thus, according to official data, the state retail price index increased by only 8 percent over the past 15 years.²³ According to estimates by the NII Goskomtsen [Scientific Research Institute of the State Committee on Prices] and the All-Union Scientific Research Institute on Market Conditions and Consumer Demand (VNIIKS) of the USSR Ministry of Trade, the overall level of prices for goods and services in the 1971-1983 period increased by no less than 43 percent.²⁴

The inclination to overstate retail prices was intensified during the 1970's and 1980's, compared with the 1960's. "Prices have crept along inexorably every year, but now

they are simply jumping toward the increase side," stated Academician V. A. Tikhonov of the VASKhNIL [Academy of Agricultural Sciences imeni V. I. Lenin].²⁵ The doubling of urban consumers' expenses, related to the actual increase in retail prices over a period of roughly 25 years, not to the official increase, was mentioned in Academician O. T. Bogomolov's interview.²⁶

The state retail price indexes being published by the USSR Goskomstat "do not fully reflect the actual change in their average level" and do not reflect the substantial effect on price dynamics of such important factors as "systematic shifts in assortment patterns and the change in the quality of goods."²⁷ During the period of stagnation the quality of many consumer goods deteriorated, although the prices for them were not reduced. In recent years light industry has essentially been inflating prices without any control by manipulating "new" and "especially popular" items.

If the actual increase in consumer prices is taken into account, we have to acknowledge that the growth in the people's real incomes reported by official statistics is overstated. According to estimates of the USSR TsSU, the real incomes of the people increased by 62 percent in the 1971-1985 period.²⁸ Meanwhile, according to estimates by trade correspondents of the VNIIKS, the average commercial assortment was reduced by 25 to 30 percent during that same period and the quality of many foodstuffs, fabrics, footwear, household equipment, and sanitary and health products declined.²⁹

Let us now turn our attention to information on the dynamics of wholesale prices for industrial products. Significant distortions have been permitted here as well. For example, as research by K. K. Valtukh, B. L. Lavrovskiy, V. K. Faltzman and others has shown, reporting data by the USSR TsSU on the dynamics of machine building output concealed the rise in the cost of machines.³⁰ It amounted to no less than 40 percent in the 1971-1985 period.³¹ According to other estimates, the prices for machine building output increased from 27 to 34 percent over each five-year plan in the 1966-1985 period.³² The output of machine building products was increased by 2.6 times as much in monetary terms, but by 5 to 50 percent in physical terms in 10 years, that is, "the rubles 'leaped' five steps higher after filling the intervening space with 'an output of air' (this is what is customary to call an increase in production volume in rubles without an increase in real use values)."³³ Consequently, the dynamics of machine building output in monetary terms reflects its miscalculations in plans, and so forth) and difficulties of an internal production nature (mismanagement, poor labor and executive discipline, and so forth) have inevitably directed enterprises toward an increase in wholesale plant prices not only as a means of neutralizing the obstacles cited, but to guarantee a "normal" increase in the workers' monetary incomes. R. Khasbulatov wrote with good reason that "enterprises are doing everything to substantiate...an unjustifiably higher price for miscalculations in plans, and so forth)

and difficulties of an internal production nature (mismanagement, poor labor and executive discipline, and so forth) have inevitably directed enterprises toward an increase in wholesale plant prices not only as a means of neutralizing the obstacles cited, but to guarantee a "normal" increase in the workers' monetary incomes. R. Khasbulatov wrote with good reason that "enterprises are doing everything to substantiate...an unjustifiably higher price for 'their' commodity."³⁴

The trend cited has shown its worth for a long period of time. Subsequent distortions have formed layers on the preceding ones, and their curve has become exponential in nature. As D. V. Valovoy points out, "individual labor inputs have been overstated for many years, and quite substantially, in calculations to set prices for commodities. The norm of profitability has also been established arbitrarily."³⁵ According to V. I. Shprygin's data, in 80 out of 100 cases, manufacturers of industrial products admit that they have overstated the economic impact of prices in plans.³⁶ The USSR Goskomstat has hardly reacted to this "prose of life." This means that the size of the national income produced has been overstated in official publications. According to Academician A. I. Anchishkin's estimate, nearly half the growth in the country's national income produced in 1986 shown by statistics reflected an implicit increase in prices. The hidden increase in prices is not being taken into account in summing up the fulfillment of plans either, and as a result, the picture is being embellished.

The state's actual defense expenditures have been misrepresented in official documents for a long period of time. The data published in this connection have had a purely propagandistic purpose and have not reflected the real burden of these expenditures. Only in 1987 was it reported that allocations for defense, earmarked as part of the expenditures of the USSR State Budget, express only part of the state's expenditures to strengthen the country's defense capability.³⁷

In my view, inaccurate information has been disseminated thus far on the real correlation of the monetary units of the USSR and capitalist countries. The exchange rate of the ruble in relation to the currencies of other states was established a long time ago, and evidently arbitrarily, at a time when the country's leaders adhered to the concept of capitalism's stagnation, formulated before World War II. They contrasted the concept of the instability of capitalist countries' exchange rates with an axiomatic opinion on the stability of the Soviet ruble. Meanwhile, the vast excess of effective demand by the population and economic organizations over its payment for goods and the sizable surplus of money in the USSR, which has been acknowledged lately in the literature and by leading bank circles, signify an actual decline in the purchasing power of Soviet currency in domestic circulation, which has an effect on its foreign economic positions as well.

Proportional currency measurements are not being applied even in relationships between the USSR and CEMA member countries. The so-called transfer ruble, which is used for a "miscount" of reciprocal deliveries on a bilateral basis, is of little use for them as an equitable index, and it is not possible to transfer it to third countries at all. It is even more complicated for the ruble where two socioeconomic systems come together.

The official correlation between the ruble and the dollar (60 kopecks for 1 dollar) appears to me to be an anachronism. It is no coincidence that the ruble has thus far not been a convertible currency, that is, freely exchangeable into the currencies of other countries (capitalist and developing countries) in foreign trade turnover. In this connection it is useful to look closely at the practice of exchange operations. Thus, staff members of Soviet institutions abroad pay 3 to 3.5 "Vneshposyltorg" checks, which are practically equivalent to 3 to 3.5 rubles, for 1 dollar.³⁸ N. Ya. Petrakov considers even such a correlation, by permitting the opportunity to exchange 1 dollar for 6 rubles, to be "arbitrary."³⁹

Distortion of information often stems from an ignorance of reality or a conscious deviation from knowledge of its dark sides. The USSR Goskomstat has not displayed initiative in studying the social phenomena which are not blended with the stereotyped ideas about Soviet reality. Thus monetary inflation, and accordingly, the ruble's purchasing power, are not being measured in our country. The inflationary process has evidently been apparent for a long time, however. This may be judged by the following comparison. In the 1966-1985 period, the people's monetary incomes more than tripled, but the productivity of public labor increased by only 2.3 times as much. Consequently, part of the increase in the people's monetary incomes reflected not an increase in their labor contribution, but the growth of unearned incomes, roughly speaking. If it is taken into account that the dynamics of income produced that is shown by official statistics does not take hidden price increases into consideration, the actual difference between the two indicators is considerably greater. The gap between nominal incomes and the volume of commodities is clearly seen in the table.

Increase in indicators in the 1966-1985 period, in percent

| | |
|---|---------------------|
| Monetary incomes of the people | by over 200 percent |
| Average annual agricultural output (increase for the 1981-1985 period compared with the 1961-1965 period) | 58 |
| Industrial production of consumer goods | 172 |
| Sum of people's deposits in savings banks | 1,080 |

Calculated in accordance with: "The National Economy of the USSR in 1985," pp 38, 39, 448; "The National Economy of the USSR in 1965," pp 61, 600; VOPROSY

EKONOMIKI No 2, 1987, p 111. The dynamics of paid services to the population have not been taken into account, but their proportion in consumer expenditures at present is insignificant.

The Usual System of Deception

The practice of arbitrary manipulation of information and distortion of primary data has taken root so much that it has ceased to be considered as a reprehensible and immoral act. It has not been far from here to direct deception and systematic juggling of data in estimates, drafts, and so forth. Thus, the Ministry of the Automotive Industry set the cost of building the Kama Motor Vehicle Plant at about 1.8 billion rubles. Minister A. M. Tarasov, knowing that the actual expenses would be substantially higher, did not dare to mention this to A. N. Kosygin, who was then chairman of the USSR Council of Ministers. Later on the minister justified it this way: "I would come and say honestly: 3 billion, or else all 4 billion. He would turn me off right here. What am I, my own enemy? I approached him in a roundabout way: authorize the addition, we have calculated it well..." The actual expenses exceeded 5 billion rubles. Additional funds were withdrawn from light industry.⁴⁰

The lie has been turned into a common occurrence, and it has come to be interpreted as a completely permissible method of justifying improper actions at the most diverse levels of the administrative pyramid. It has concealed not only annoying omissions, sluggishness, and occasional interruptions in work, but scandalous inertia, negligence and mismanagement as well. In certain union republics, this extremely deplorable phenomenon has become common and has led to degeneration of the moral character of large sections of the population. Thus, according to an admission by N. D. Khudayberdyev, former chairman of the Uzbek SSR Council of Ministers, "an atmosphere of deception and upward distortions has gradually taken shape in the republic."⁴¹ In Moldavia, a CPSU Central Committee decree noted, "the improper practice of deceiving the state has become deeply rooted, it has afflicted many enterprises and management sections, and it has a corrupting influence on personnel, degrading their responsibility for their assigned work sector."⁴² Deception is the informational basis for the "shadow economy," which "has become widespread in scope" in Armenia, for example, and which has led to "deformation,"⁴³ and actually to the degeneration of socialist production relationships into bourgeois ones (in Uzbekistan, let us say).

Upward distortions [pripliski] in reporting on the results of economic activity have become the most widespread form of deception.⁴⁴ Upward distortions are a comparatively recent phenomenon. It is interesting to note that this concept is interpreted quite inoffensively in the "Tolkovyy slovar russkogo yazyka" [Explanatory Dictionary of the Russian Language] published in 1939 (Moscow, State Publishing House of Foreign and National Dictionaries): as "a small addition to what was

written previously." There is no allusion to upward distortions here as a means of misrepresenting information. Experience in struggling against them has demonstrated that they cannot be eradicated by administrative measures. Upward distortions have actually been turned into a national disaster. "More or less, but they are engaged in upward distortion everywhere," A. V. Nevzorov, deputy chief of the USSR TsSU, has asserted. "Construction organizations, enterprises in the agro-industrial complex, and transport stand out particularly."⁴⁵ In the opinion of V. F. Konnov, chairman of the RSFSR People's Control Committee, we are encountering upward distortions in four out of every five inspections in the physical production area.⁴⁶

Work without upward distortions has begun to be perceived as an extraordinary occurrence, a deviation from the "norm." Deception is being passed along the chain of relations from the local units of the economy to the highest ones. Ministries and departments, as a rule, are indulgent toward flagrant violations in the reporting of subordinate organizations, or they directly encourage distortion on their part, inasmuch as this draws a veil over shortcomings in management and creates the outward appearance of successful work by the ministries and departments. "The notion of personal responsibility for lies is being lost so gradually, and it is being eroded by the coverup within a department."⁴⁷

To some extent, upward distortions have an "objective" foundation and result from excessive centralization, decisions by directive, formalism in planning, local economic units' lack of incentive in accepting intensive targets, and planning "from what has been achieved." As S. A. Vasilyev correctly writes, "enterprises' participation in drafting plans is being expressed chiefly by concealing resources and giving unreliable information to the top."⁴⁸

There are also "subjective" bases in behavior for utilizing information that is not authentic. There are a variety of reasons for upward distortions. To begin with, these include the urge to report on "achievements," to please managers and play up to their vanity, to create a picture of prosperity in summing up the results of competition, or to avoid responsibility for negligence, lack of concern or foresight, and other sins in management. Upward distortions have become a strong base for thefts, bribery, and other methods of deriving unearned incomes. The flourishing practice of upward distortion has corrupted both managers and ordinary workers for decades. The former standards of morality—truthfulness, honesty, keeping one's word, and decency in relationships among workers—have become deformed. Hypocrisy, lack of conscientiousness and unscrupulousness, and the urge to "cheat" have become symptoms of the moral disease affecting sizable sections of society. Chingiz Aytmatov was correct in saying that "the lie is the mother of all vices."

Upward distortions also grow out of the soil of patriarchal ties which not only were not uprooted in the course of socialist construction, but which became deeply rooted in society, lulled by assertions about social harmony, complete resolution of the national question, and the formation of a new ethnosocial community—a single Soviet people.

From a political and economic point of view, deception distorts the very essence of socialist production relationships and substitutes mercenary misappropriation of the fruits of another's labor for an equivalent exchange in economic activity. In practice, it leads to a revival of exploitative relationships.

It is impossible to gauge the extent of unearned incomes accurately because of the lack of appropriate record keeping and even estimates by experts. But it is obviously sizable. I am referring to private estimates of the extent of upward distortions. Thus, 20 percent of the total volume of shipments were distorted upward by 61 percent of the RSFSR Ministry of Motor Transport enterprises in 1983. According to data from V. I. Krivonosov, chief of a department of the "Altaystroytrans" Trust, upward distortions accounted for 35 percent of the transport volume.⁴⁹ In Uzbekistan, upward distortions involved 4.5 million tons of cotton in the 1978-1983 period, and those taking part in the cotton swindle had stolen more than 4 billion rubles from the state.⁵⁰ According to data from the Soyuzglavles [Timber Products Main Administration of the USSR Gosnab], of the timber carried by the railroads in 1984, an average of 4 tons per car were distorted upward.⁵¹

The coupling of interests of associated workers, which leads to a coverup, is the nutrient medium of many upward distortions. This coupling of departmental interests is especially widespread in the investment process, in housing construction, for example; "...in certain oblasts the reports on commissioning included houses and social and cultural projects in which work on floor installation, interior trim, and sanitary engineering had not been completed at all. And often the administrators of local organs compelled acceptance of the incompletely projects."⁵² The sums of money paid illegally as the result of upward distortions sometimes reach 70 percent of the cost of the operations actually carried out in construction.⁵³

Although upward distortions are a criminal offense, most of them go unpunished. According to USSR Goskomstat data, more than 1,000 upward distortion cases were brought to organs of the public prosecutor's office in 1986, but only 50 went to trial. Only one-third of the economic organizations guilty of upward distortions have returned their illegally acquired bonuses.⁵⁴ The number of distortions exposed in the Turkmen SSR doubled in 1986, but "the majority of violators received no penalties."⁵⁵

If we were able to accurately total the fictitious net physical production included in the Goskomstat reporting data, the size of the national income would be reduced significantly.

What Next?

The durability of misinformation as a social phenomenon, its expansion into many areas of economic activity, and the lack of success of moral condemnation and administrative proceedings attest to the fact that it is a natural development under the conditions which have taken shape in economic and public life. Misinformation from above has been able to flourish amidst the absence of glasnost, democratism, and control over the actions of management.

The unreliability of economic information is responsible for substantial losses in many areas of economic activity: it makes it possible to acquire unearned incomes and creates difficulty in making the correct decisions in the area of technical progress, for example, by creating the illusion of high economic efficiency for "innovations" which do not produce the result advertised. Imaginary innovations and false methods of substantiating their advantages essentially impede technical progress. Distortions of information draw a veil over the shoddy work of economic subunits and make it possible to conceal real losses of work time and obtain additional resources to make up for omissions, not to develop production. Laziness, disorganization of production and labor, poor production direction, the lack of worker supervision, the absence of normative economic operation and a system of measurement, and so forth are the nutrient medium of upward distortions. In the final analysis, the manifestations cited may be reduced to either inability or unwillingness to carry out an efficient economic operation. (V.) M. Starodubtsev, the prominent industrial production organizer, states sadly that "many persons have become accustomed to viewing laxity and economic and moral chaos as a kind of norm, and proper order as almost despotism."⁵⁶

The situation is now decidedly changing for the better. Speaking at the party's 27th congress, M. S. Gorbachev said the first of the lessons we must learn is the lesson of truth. "A critical analysis of the past clears the path to the future, but half-truth, by diffidently avoiding the rough edges, is an obstacle to development of a practical policy and impedes our progress."⁵⁷

Initiative in clearing away the obstructions of the past that have been revealed by the party should be supported both by "the leaders" and "the masses" in the society. First of all, we have to be concerned about the reliability of information on the past and repudiate the upward distortions of the national income and the real incomes of the people that were permitted before. The Goskomstat must eliminate all the "embellishments," cosmetic "improvements" and other distortions of reality from published statistical data on development of the national economy. In order to ensure that information is reliable,

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it would be useful to establish norms to regulate the composition of data published by the Goskomstat. We cannot be surprised by the situation that has taken shape when the statistical yearbook becomes "fatter" or "thinner" at the will of the managers of the statistical department. Complete and reliable information is needed by all of society not only for economic management, but in order to monitor how the government is coping with its responsibilities. For this reason, in my view, it is time to prepare, discuss, and adopt a law establishing the requirements for statistical accounting.

Perhaps we ought to have been even more concerned about the reliability of information at other levels of management. We have no reason to expect that upward distortions will disappear under the influence of appeals, admonitions, or even reinforced administrative proceedings. Partial measures will not bring success. In the early 1970's, A. A. Agranovskiy gave an account of one prominent builder's conception: we need an NEP. He was referring not to the [New Economic] Policy, but to something else—nuzhen elementarnyy poryadok [we need elementary order]. This appeal was not heard during the years of stagnation. Now nothing can be changed in society without putting things in order from top to bottom. The main objective is radical reform of the economic mechanism. Obviously, we should begin with planning, which needs radical restructuring, not routine "improvement." We must rid ourselves of the tendency to make the objectives of planning influence "all-embracing"; planning must be reoriented so that production collectives' material interests are taken into account consistently, and formalism and unnecessarily detailed elaboration of targets in it must be eradicated. When the plan indicators are reliable and well-grounded, those who implement the plan no longer wish to resort to misinformation as a means of making their situation easier.

The development of horizontal ties between producer and consumer on the basis of cost accounting and contracts, competition as a condition for overcoming a monopoly by the supplier of goods and services, and free trade with capital goods—in principle, these conditions should orient collectives toward efficient economic operation and eliminate deception as a means of achieving prosperity.

Relationships between a management organ and an organization being managed may become "transparent" and controllable from the standpoint of the reliability of information under the conditions of radical economic reform. When objectively established standards of payment for productive capital, taxes on profit and personal incomes, interests on loans, and so forth become an instrument for implementing the plan.

The norms of criminal law which provide penalties for upward distortion and other misrepresentations of statistical information will remain fiction until there are

public forces that are motivated to ensure their observance. In principle, full cost accounting provides workers with a vested interest in honest relationships and truthful information. The law is guaranteed in man's interests.

The path to the truth is covered with obstacles, and it is long and difficult. But we must persistently overcome them step by step. It is exactly in the period of restructuring that we can finally put an end to information which contains illusions and self-deception. Truthful, comprehensive and accessible information about society should become the foundation for all political, economic and social reforms.

Footnotes

1. See B. P. Plyshevskiy and Yu. V. Yeremenko, "Zakonomernosti dvizheniya obshchestvennogo produkta i natsionalnogo dokhoda" [The Characteristics of Movement of the National Product and National Income], Moscow, "Ekonomizdat," 1963, p 115; A. A. Barsov, "Balans stoinostnykh obmenov mezhdunarodnykh i derevney" [The Balance of Cost Exchanges Between the City and the Countryside], Moscow, "Nauka," 1969, p 92; and B. P. Orlov, "The Special Purposes of Medium-Term Plans and Their Implementation," "EKO" [ECONOMIKA I ORGANIZATSIIA PROMYSHLENNOGO PROIZVODSTVA], No 11, 1987, p 37.

2. Calculated in accordance with data from A. A. Barsov, cited in the monograph indicated.

3. "KPSS v rezolyutsiyakh i resheniyakh sъezdov, konferentsiy i plenumov TsK, ch. III" [The CPSU in the Resolutions and Decisions of Congresses, Conferences and Plenums of the Central Committee, Part 3], Moscow, Gospolitizdat, 1954, p 181.

4. A. N. Malafeyev, "Istoriya tsenoobrazovaniya v SSSR (1917-1963 gg.)" [The History of Price Setting in the USSR, 1917-1963], Moscow, "Mysl," 1964, pp 163, 174.

5. PLANOVOYE KHOZYAYSTVO No 10, 1973, p 33. Production estimates were not made in the prices in effect, but prices close to the cost.

6. B. P. Orlov and O. V. Kostyrev, "The First Five-Year Plan: Basic Intersectorial Proportions," IZVESTIYA SO AN SSSR, Economics and Applied Sociology Series, Novosibirsk, 1984, Part 3, No 12, p 55.

7. "Itogi vypolneniya pervogo pyatiletnogo plana razvitiya narodnogo khozyaystva SSSR" [Results of Fulfilling the First Five-Year Plan for Developing the National Economy of the USSR], Moscow, Gosplanizdat, 1934, p 204.

8. "Istoriya sotsialisticheskoy ekonomii SSSR" [History of the Socialist Economy of the USSR], Moscow, "Nauka," 1977, Vol 3, p 102.

9. A. N. Malafeyev, *op. cit.*, p 404.
10. S. S. Shatalin, "Social Development and Economic Growth," *KOMMUNIST*, No 14, 1986, p 67.
11. A. N. Malafeyev, *op. cit.*, pp 177-179, 208.
12. "KPSS v rezolyutsiyakh... *op. cit.*, Part 3, p 339.
13. A. N. Malafeyev, *op. cit.*, pp 207-208.
14. *KOMMUNIST*, No 16, 1987, p 20.
15. "Tsentrallyy gosudarstvennyy arkhiv narodnogo khozyaystva SSSR (TsGANKh)" [Central State Archives of the National Economy of the USSR (TsGanKh)], Stock 4372, Inventory 36, Section 253.
16. *Ibid.*, Folios 10-13.
17. B. P. Plyshevskiy and Yu. V. Yeremenko, "Zakonomernosti dvizheniya... *op. cit.*, p 115.
18. *PRAVDA*, 25 February 1981.
19. "EKO," No 11, 1987, p 50; *PRAVDA*, 25 February 1981.
20. *PRAVDA*, 24 October 1980, 24 January 1982.
21. *IZVESTIYA*, 23 September 1983.
22. *SOTSIALISTICHESKAYA INDUSTRIYA*, 13 January 1988.
23. From an interview with M. A. Korolev, chief of the USSR TsSU, *IZVESTIYA*, 23 June 1987.
24. V. Rutgayzer, Yu. Shevyakhov and L. Zubova, "Improvement in the System of Planning Indicators for the People's Incomes," *VOPROSY EKONOMIKI*, No 1, 1988, p 33.
25. *IZVESTIYA*, 18 December 1987.
26. *LITERATURNAYA GAZETA*, 16 September 1987.
27. V. Nefedov and A. Orlov, "Balance Between the Market and Retail Prices," *VOPROSY EKONOMIKI*, No 1, 1988, p 92.
28. "Narodnoye khozyaystvo SSSR v 1985 g." [The National Economy of the USSR in 1985], p 39.
29. V. Nefedov and A. Orlov, *op. cit.*, p 85.
30. K. K. Valtukh and B. L. Lavrovskiy, "The Country's Production System: Its Use and Renovation," "EKO," No 2, 1986; V. Faltzman and A. Kornev, "Resources for Reducing the Capital-Intensiveness of Industrial Capacities," *VOPROSY EKONOMIKI*, No 6, 1984.
31. A. I. Anchishkin, "The New Quality of Economic Growth," *VOPROSY EKONOMIKI*, No 9, 1986, pp 10-11.
32. V. Selyunin and G. Khanin, "A Crafty Figure," *NOVYY MIR*, No 2, 1987, p 187.
33. *PRAVDA*, 3 February 1986.
34. *PRAVDA*, 15 June 1986.
35. *PRAVDA*, 19 January 1988.
36. V. I. Shprygin, "How to Create a Barrier Against Expenditures," *EKONOMICHESKAYA GAZETA*, No 32, 1986, p 9.
37. *ARGUMENTY I FAKTY*, Nos 41 and 42, 1987, p 14.
38. *ARGUMENTY I FAKTY*, No 1, 1988, p 8.
39. *SOTSIALISTICHESKAYA INDUSTRIYA*, 27 January 1988.
40. A. Zlobin, "At Any Price," *NOVYY MIR*, No 3, 1987, p 208.
41. From an interview with A. M. Rekunkov, procurator general of the USSR, *PRAVDA*, 25 March 1987.
42. *PRAVDA*, 23 October 1986.
43. Yu. Arakalyan and V. Sanov, "A Court of Conscience, or a Little From Life in Armenia," *PRAVDA*, 18 January 1988.
44. A section of the present article on upward distortions was written jointly with I. V. Shelkovnikov, a graduate student at the Novosibirsk State University.
45. *KOMSOMOLSKAYA PRAVDA*, 3 July 1987.
46. *SOVETSKAYA ROSSIYA*, 26 October 1986.
47. *Ibid.*
48. *KOMMUNIST*, No 3, 1988, p 75.
49. A. Filatov, "Execute the Law Strictly in the Struggle Against Upward Distortions," *SOVETSKOYE GOSUDARSTVO I PRAVO*, No 7, 1986; *KOMSOMOLSKAYA PRAVDA*, 6 August 1987.
50. *IZVESTIYA*, 5 September 1986; *ARGUMENTY I FAKTY*, No 10, 1988, p 6.
51. *IZVESTIYA*, 23 October 1985.
52. *PRAVDA*, 20 November 1986.

53. MOSKOVSKIYE NOVOSTI, 12 July 1987.

54. SOTSIALISTICHESKAYA INDUSTRIYA,
27 August 1987; KOMSOMOLSKAYA PRAVDA,
3 August 1987.

55. PRAVDA, 5 April 1987.

56. NEDELYA, No 32, 1987, p 13.

57. "Materialy XXVII syezda KPSS" [Materials on the
27th CPSU Congress], Moscow, Politizdat, 1986, p 23.

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organizatsiya promyshlennogo proizvodstva," 1988.

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**Party Urged to Avoid Interfering in Economic
Reform**

18000581 Moscow PRAVDA in Russian 28 Jul 88 p 2

[Article by N. Travkin, deputy director of the Main Administration for Construction in Moscow Oblast, under the rubric "Delegates to the 19th All-Union Party Conference Speak": "Let Economic Operations Proceed Without Commands: The Fate of Restructuring Is Being Decided at Work Stations"; accompanied by photograph of author]

[Text] Society's political system, which is based on "cogs," gives each of us the right to say, regarding any failure that occurs: "But what could I have done? Nothing depended on me. I'm a little person." The nature of the openness at the 19th Party Conference is taking away this trump card. Propose, debate, and attempt to prove. But in the debate one's view, all the same, should be directed not so much to the past as to the present and the future.

At the conference we looked at the ultimate question in the reform of the political system: the unification of party and soviet rule.

In order to answer it, let us analyze the brief history of restructuring from the standpoint of party agencies' role in implementing the reform. Where have the party agencies done their job, and where haven't they? And if not, why not? Can it be that in the course of such evaluations we will find the necessary solution?

In the three years of restructuring a substantial gap has developed between glasnost and democratization, on the one hand, and progress in economic reform, on the other. If this gap does not start to be noticeably reduced, and if democratic processes are not, in the literal sense of the word, backed up by complete and universal cost accounting, we will be giving a serious chance to the strengthening of mistrust and nihilism in labor collectives. Even today voices saying that everything is all empty talk, and that nothing is actually changing in life,

can be heard rather distinctly. And this does not just pertain to store counters; usually, in fact, it pertains not to store counters, but to the possibility of working independently. Without harrassment, and without endless commands. To feel that you are really a proprietor, an individual, and not a pawn in someone's game.

One reform, the political and ideological reform, has to a significant degree become divorced from the other, economic reform. Yet at the outset of restructuring the course of the economic reform was seen more clearly than that of the political reform. Back in April 1985 M. S. Gorbachev said that no one knows the economy's untapped potential better than the labor collectives themselves, and that therefore the main thing in the concept of restructuring was to move forward more boldly along the path of expanding the rights and independence of enterprises, and strive more boldly to introduce cost accounting. At that time we had only taken the first steps in democratization. The boundaries of glasnost were not clear. Do you remember what a response at the 27th Congress was evoked by the PRAVDA article "Purification"? Today that sort of article would not seem so controversial as it did then.

So, where has the distortion occurred that has allowed the "politics of words" to become so divorced from the "politics of deeds." The fate of restructuring is decided at the work station—that is unambiguous. We have always said that. In order for restructuring not to remain a slogan, we must really create the conditions for highly productive work at every work station. In my view, the creation of such conditions is in fact the main thing in the reform of economic management.

What has brought about the slowing of the economic reform? After all, both strategies were developed and being carried out by the same headquarters—the CPSU Central Committee. The same one. But the strategy of openness, glasnost and democratization turned out to be under the direct and practical influence of the Central Committee. That, incidentally, indicates once again that political and ideological functions belong inherently to the party. But in the economic reform, the Central Committee and the enterprise labor collectives turned out to be separated by the ministries, departments and other economic-management and administrative agencies. And it has proved impossible to break through this thick layer, since the party agencies through which the Central Committee implements its policy have themselves proved entangled in economic-management concerns and have grown together, as it were, with the economic-management agencies in their tasks. That is why they have been unable, in most cases, to abandon tried-and-true command methods. In words, they have called for cost accounting and independence, but in deeds they have forced plainly unrealistic tasks into plans. They have attributed this to concern for the interests of an oblast, a rayon or a branch. We economic managers, they say, have not grown up enough to be concerned with those interests. We are too politically immature.

The party agencies have become involuntary participants in command diktat in the economy—that is the first tribute that the party is paying for its getting carried away with narrowly economic affairs. That is why structural reforms in economic management are proceeding with difficulty. Not the radical reduction of superfluous levels, but their reshuffling and renaming. We get rid of the intermediate levels, and they through whom will we command, and who will we hold accountable?

As an example of a new superfluous bureaucratic level, I can cite the State Production Association No 2 of the Main Administration for Construction in Moscow Oblast, of which I am in charge as deputy director of the main administration. Even the primary organization's party meeting was compelled to admit the superfluousness of our existence. At the conference M. Ulyanov said that the bureaucrat is a kind of abominable snowman, that there are a lot of tracks and everything around is trampled, but no one has seen him alive. Here, Mikhail Aleksandrovich, you are getting the opportunity. Take a look. You can even feel me with your hands. I am not the only and by far not the last example. We could supply the all the zoos in the world with such "abominable snowmen." For hard currency. But both the main administration and the oblast party committee are entranced by the industry's increased rates of development with the appearance of the intermediate level, and the possibility of keeping closer and stricter watch over the trusts. That is, even now the effect of prodding in the back is still working. It is a short-term and undependable effect. But why can't the party agency make up its mind to break that structure? Because it bears primary responsibility for indices in construction. The reluctance to lose—or, more accurately, the fear of losing—management levels under its power is the second tribute that the party is paying for its habit of goading.

But in places where elements of the economic mechanism have been put into operation, administrative pressures no longer work and are meeting with defeat. At the end of last year in Podolsk the fate of a prestigious facility for the oblast, a maternity home, was being decided. The atmosphere at that facility was heated up by everyone and in every way thinkable. It failed to be completed! Why? After all, formerly such "special-purpose tasks" were accomplished very simply. Commands to pull people and resources off other facilities were carried out, and afterwards whoever gave the command would close his eyes to the overexpenditure of wages. They weren't his! Under the collective contract, wages are determined by economic means. And naturally, every time the oblast bosses leave, a trust manager is forced to choose: I can carry out the command and forcibly shift people to the facility, but where will I get the wages for the whole trust? After all, now he has to answer in actual fact to the trust collective, and not to the "higher-ups." So you cannot command the economy according to the principle of the mayor from the town of Glupov, who governed with the words, "I'll ruin you,"

and "I won't tolerate it." Moreover, under the conditions of cost accounting, the word "ruin" loses its quotation marks.

All this confirms the conclusion that the centralized administrative system is not working. It is no longer possible, through it, to manage economic processes. That means we must speed up work to help in the development of economic, especially horizontal, ties. That is probably the main place where party agencies should apply their efforts in guiding the economy. But frequently the campaign to reorganize structures has been replaced by an illusory reduction of staffs. Well so, fellas, is it hard to feed us? Okay, we'll ease up on you. We'll cut by 30 percent and, in some places, a bit more. But only to the limit that we don't lose our control of you.

Yet supposedly the whole intention was for this to be accomplished in a revolutionary fashion, from below. It is not you who are making a concession to us in reducing yourselves by 30 percent, but we, the enterprise workers, who are telling you how many of you must be kept for the good of the undertaking. There was a Central Committee directive, and there was (and is) determination on the part of the lower levels. But the headquarters in charge of organizing this undertaking, which the party agencies should have become, did not do their job everywhere. Why? Why aren't the party agencies working boldly to break up this overly centralized system? It is because they have become a part of it, an inseparable and decisive part. That is the third tribute that is being paid for the overburdening of party agencies with economic-management work.

Now, in my opinion, we have become convinced that the bureaucracy can only be defeated from below—by cutting off its source of nourishment. It will not cut off this source itself from above. Nor will success come from within—selfish caste interests are proving stronger than the interests of the people and the state. Isn't this why the transitional period is being dragged out in time?

We talk about the future bankruptcy of incompetent enterprises as a natural process. No one, we say, will be left without work. But as soon as reduction of bureaucratic functionaries began, a wave arose: "But where will they go, the poor people, if they haven't been taught to do anything useful? Can that be their fault?" No. Let us also examine the question of managerial structures from the standpoint of bankruptcy. What of concrete value can you offer production, besides giving orders? Nothing? Then do not reduce but disband. That is precisely the view that was expressed at the conference by V. Kabaidze in a somewhat grotesque form, which immediately upset many people.

So, why don't the party agencies get angry at the economic and administrative bureaucracy? It is because, in working side by side, they have become closely linked to

it. That is what made possible the appearance of corruption and unscrupulousness in some party ranks. That is the fourth tribute being paid for the confusion of party and economic-management work.

All this is contributing to the prolongation of the transitional period in the economy. And the main cost, I dare say, may be the loss of the best personnel. Who is sticking their necks out, debating and arguing? Those concerned and trusting people who believe in the Law on the State Enterprise and in independence, who believe in restructuring. And they are being put in their places, lumped together, and sometimes taken down a peg. And the ones who yesterday would salute on every occasion and today are living tranquilly—they aren't turning up. But they are not the ones the party is counting on in restructuring.

And that is the fifth, and probably the biggest tribute. It is preventing that which the party is called on to grow—personnel—from growing.

The discussion before the conference was seemingly persuasive on the point that party committees should abandon direct commanding of the economy. And we proclaimed in the Theses: They should! But when? Now the following reasoning is enjoying currency: In the murky transitional time, it is said, the party committees cannot let go of the economic-management levers, otherwise there will be failure. After all, those people down below will start to "err," and who will reconcile them and set them straight? Only the party agencies. So, we will establish a little order and then turn power over to the soviets, and we ourselves will direct you politically and ideologically. I am convinced that if this step can be taken starting tomorrow, then it must be done tomorrow. Economic managers are ready for independence. Such readiness is also needed on the part of the party agencies. Otherwise many economic managers will ask themselves the question, as they leave a session of the party committee or a briefing in its branch departments: "Can it be that I really do fail to understand something about specific local circumstances? Can it be that the fate of the rayon's animal husbandry will really be decided by those 30 workers who must be allocated free dried grass along the roadside for mowing? And wouldn't it be better to turn this fate over to the livestock raisers themselves? Yet then one would have to go to them and try to persuade them and stir them up. And there is no one who can pay them frequent visits. In the first place, everyone is busy trying to pull out the plan. And cost accounting and various forms of contracts have become an optional concern for party agencies. In the second place, we do not know how, because we have elected not commissars and not political workers, but the best economic managers to the party agencies. No, it is easier for the committee to whip them into it. They've got everything at hand." In general, the economic manager today is reflecting on things. But if he himself were put in the job of the imperious secretary tomorrow, he would act in the

same fashion. After all, in the final analysis the Central Committee holds the first secretary of the obkom or raykom accountable for milk.

It seems to me that if we want radical improvements in the economy, the party's abandonment of day-to-day commands and operational concerns is an essential condition. The concept of cost accounting is being applied more to enterprises than to territories and administrative rayons. But let us agree: it will make little sense if the peasant in the field and worker at the machine tool start counting kopecks, while the bureaucrat in the ispolkom places his hope in the state budget and what is given to him. Furthermore, the democratization of the soviets will not take place unless they are put on a cost-accounting basis. The interests of the branch and the territory, when they intersect, should produce not sparks but mutual benefit.

Enterprises are financing themselves and developing and, simultaneously, using part of their revenues to finance and develop the local infrastructure. This money, provided on the basis of normatives, is where the interest of the soviet will lie. It will try to use this money in an intelligent fashion. This money will force the deputies to take a closer look at the extensive rayon bureaucracy, as well. Do all the rayon consumers' cooperatives, raytopy and other offices need to be maintained? Or can something be replaced by self-government? In that case, the place of labor collectives' councils—the chief support and basis of the soviets of people's deputies—in the political system is also clearly defined.

But this whole system will remain dead if it lacks the party's organizing and directing work. Take a look at the working people's complaints. The absolute majority of them can be resolved at the local level, in labor collectives, in the rayon, or in the oblast. But they are often not resolved. There is no one to organize the permanent work of the soviets. They do not have sufficient authority. Faith in party agencies continues to be greater.

But even that is not enough. One cannot fail to note that the labor collectives' councils are already manifesting tendencies to pursue group and narrowly departmental interests that are contrary to the interests of the territory. Therefore, the development of new thinking is necessary there, too, on the part of workers, executives and the soviets. Who will work to develop that new thinking? The presidiums of the soviets, through the labor collectives' councils? The party, through its primary organizations, and through Communists on the soviets and in the labor collectives themselves? The conference decided that it is the party that should become the unifying factor for these efforts.

Nowhere else, in my view, is dependency so extremely widespread as it is in territorial and regional development. Begging has become part of our blood. To do so we use any forum, starting with Pioneers' gatherings and

ending with deputy and party forums. But what encourages this begging? The visit by a member of the government to a region and, in the aftermath, if not a decree then, at the least, a decision on additional assistance.

But where do additional bits come from in our five-year plan, which the State Planning Committee assures us has been put together in the strictest, most intensive fashion? Can it be that we are robbing Peter to pay Paul? And isn't this where the chain of imbalances begins? The obkom first secretary pays a visit to the rayon, and he bestows a cow barn or a kindergarten; a raykom secretary visits a village, and the village gets an auto repair shop out of turn. You just have to know how to squeeze out a tear. But these things are not additional, do not come from reserves. They are all at the expense of another village or another rayon.

But is there a possibility of abandoning the chain of charitable gifts and imbalances? There is. If the person who promises is also held accountable for the fulfillment of the promise. The burden of responsibility borne by the head of the soviet must be added to the secretary's right. Which is what the party conference's decision provides for.

We all felt what tremendous importance the conference had for the country, society as a whole, and the party. It was indeed a critical turning point. But it has even greater importance for each of the 5,000 delegates. For me those days were a greater political school than my entire previous life in the party. The open, trenchant exchange of views, the debates, the comparison of positions and viewpoints. My first inner impulse was categorically opposed to combining the first executives of the party organization and the soviet in the same person. And I expressed that position in the commission for drafting the resolution. And if the general secretary of the party Central Committee had "besieged" me, that conviction within me would have only grown stronger. But I was not besieged and invited to listen to reasoning. I was given the political opportunity to "mature."

Today I am profoundly convinced that if we want to free the party for work with people, and if we want for the soviets to really start working and not to remain only on paper, we must combine the executive functions of the party organization and the soviet in the same person. And the guarantees against dictatorial practices lie in the triple filter of the people's confidence through which such an executive must pass: to become a deputy, to become a secretary, and to become chairman of the presidium of the soviet. And in each case, on a competitive basis.

A lot of good words have been spoken. Equally good deeds are needed.

Provisional Recommendations for Lease Contracts Issued

18200269 Moscow EKONOMICHESKAYA GAZETA in Russian No 29, Jul 88 p 5

[Unattributed article under the heading "New Official Materials": "Provisional Recommendations for Use of Lease Contract at Enterprises (Associations) and in Organizations of Production Sectors of the National Economy"]

[Text] For the purpose of further improving the forms of collective contract when enterprises (associations) and organizations are switching to new methods of economic management, the USSR Goskomtrud [State Committee of the USSR for Labor and Social Issues] and the Secretariat of the VTsSPS [All-Union Central Trade Union Council] approved by joint resolution the Provisional Recommendations for Use of Lease Contract in Production Sectors of the National Economy.

If necessary, ministries and departments jointly with the Central Committee of Trade Unions can elaborate the particular features of using lease contract, taking into account the specific nature of the sectors.

1. General Provisions

1.1. Use of lease contract at an enterprise is aimed at creating economic conditions which make it possible to bring closer together the interests of collectives of production subdivisions (shops, sections, brigades and so forth)¹ and associations, enterprises and organizations² as a whole. This is done to improve utilization of production capacities, identify reserves ensuring loss-free product production (work or services being performed), transfer to the contract collective the basic functions of management (inventory, control), observe technological and production discipline, determine funds for wages, and also to involve widely workers in management of production and further development of principles of self-management.

1.2. The economic essence of lease contract is that the contract collective, leasing for an extended period of time the production facilities, equipment, technology and other means of production at an enterprise, becomes virtually their owner and acquires complete independence in organizing labor and production.

In so doing, the contract collective organizes its own mutual relations with the enterprise administration based on a contract. Contract relations, as a rule, are structured on a long-term basis (8-15 year term of contract). In small-series production, in addition to the contract for the lease, it is recommended that a contract agreement be concluded for the term of output of products.

1.3. The agreement for lease contract provides for the enterprise's order for output of products in the assigned products list (performance of work or services), indicating the time periods, amounts and quality, and determines the mutual economic responsibilities of the enterprise administration and the contract collective for fulfilling the contract obligations.

It is mandatory the contract has attached to it the intraorganizational accounting (or contract) prices for the products being produced and services being rendered and intraorganizational planned accounting prices for the raw materials and material resources being used. The former forms the contractor's income, and the latter forms its expenditures.

The contract stipulates the client's obligations for timely supplying the contractor the necessary technical documentation, materials, assembly items, and fuel and energy resources, and also for increasing the technical level of production and improving working conditions. The collective agreement made at a given enterprise applies to the collective working under lease contract.

1.4. The contractor leases from the client the basic means of production. The appropriate rent is paid at set periods (monthly, quarterly, annually) for the use of these means.³ The amount of the rent is determined for each unit of means of production being leased, as agreed upon by the sides, and must include the client's expenditures as the owner of this property.

1.5. The contractor is obligated to maintain the leased means of production in full accordance with operating rules and to use them strictly for the purpose specified in the contract. The contractor assumes collective material responsibility for these production means and material resources. Their loss or damage at the fault of the contractor is restored through part of the contractor's accounting income.

1.6. The volume and dates for delivery of products by the contractor to the client are established by agreement of the parties, taking account the achieved level of equipment usage and planned measures for increasing production efficiency. The products are delivered to the client's warehouse at accounting (contract) prices, which are formed on the basis of necessary production costs according to process charts. The price takes into account all monetary and material costs of the contractor, rent for the production means leased, and also funds for wages.

2. Procedure for Formation and Use of Current Income and Wage Fund

2.1. When using lease contract, the amount of the contractor's funds for wages is directly dependent upon the results of its cost-accounting activities and the amount of accounting income, which is defined as the difference between earnings (total value of all products

produced, services performed and claims accepted) and material costs (value of material costs, services of other enterprise subdivisions, payment of claims and rent paid for leasing premises and equipment).

2.2. A personal account for income and expenditures is opened for the contractor within the framework of the corresponding bookkeeping accounts. Costs of physical assets and services of auxiliary production facilities are reflected in the person accounts at planned accounting prices. The contractor's output of products is estimated according to accounting (contract) prices in the personal accounts.

2.3. The contractor's manager is issued an unlimited checkbook for settlements with other subdivisions and the client during the year. The contractor confirms all his expenses with the checks. Checks also register the transfer (sale) of products produced and services rendered to the client.

The contractor may receive not one, but two or three checkbooks: one for material costs, another for wages, and a third to reflect movement of fixed assets (when fixed assets are transferred on a long-term basis to the contractor and a special fund is formed for receiving them). Checkbooks are not issued for more than 1 year; they are subject to registration, are numbered, and are issued to the contractor in a set order.

2.4. Accounting (contract) prices, as a rule, are set for the entire duration of the contract agreement. However, this does not preclude the possibility of them being updated if the production conditions in some sector or prices for material resources change sharply, and so forth. All changes must be coordinated with the contractor.

2.5. When concluding a contract, the procedure for determining funds for wages and incentives for the contract collective is established. The contractor's wage fund is formed as the residual value of accounting income. If necessary, a different procedure can be established for forming wage funds, for example, establishing a standard for formation of the wage fund from accounting income.

2.6. When establishing the standard for formation of the wage fund of the contract collective, progressive correlations must be provided between the rate of labor productivity increase and the average wage increase. The standard is stable within a year.

2.7. Under conditions of switching an enterprise as a whole to collective contract, in addition to wage funds determined by a standard, by decision of the collective's labor council, the contractor can also be provided additional remuneration for end results of work from the enterprise's incentive fund in accordance with regulations for using collective contract in effect at the enterprise.

2.8. The sum of funds charged the contract collective is distributed independently taking into account wage rates of workers, salaries of specialists and their specific contribution to the overall results of the work.

2.9. With a prolonged cycle for manufacturing products, the contractor can be paid an advance before payment for the products produced. As a rule, the sum of the current advance payment should not exceed the amount of expenditures for wages according to the wage rate and salaries for the planned amount of work. The contractor himself decides the question of the form of advance payment, the size of the advance to members of the collective and its differentiation in each specific case, within the limits of the sums allocated as an advance.

3. Fundamentals of Organizing Economic Responsibility of the Parties

3.1. When employing lease contract at an enterprise, the system of economic responsibility in intraorganizational relations takes the form of cost-accounting claims and penalties affecting accounting income and is established on the basis of the procedure governing cost-accounting mutual relations of subdivisions developed by the enterprise and accepted by the general meeting (conference) of the enterprise's labor collective. This document should contain a listing of mutual claims between the contractor and other cost-accounting subdivisions and also the administration of the enterprise, the procedure for their formulation and submission, and the types and specific limits of responsibility.

3.2. The contract collective is responsible to the enterprise for nonproductive expenditures and other types of losses resulting in shortcomings in its work, and also for violations affecting the normal course of the production process and involving economic losses. Compensation for the losses caused does not free the contractor of further real fulfillment of the cost-accounting obligations (undelivered goods are subject to delivery, work not performed on time is subject to performance on the client's demand).

3.3. The client bears material responsibility for nonfulfillment of his obligations which entail disruptions in the contractor's work and also compensates for damages resulting from unsatisfactory work by individual services and managerial departments of the enterprise (subdivision) by increasing the contractor's accounting income by the amount of the accepted claim. The contractor's deadlines for performing work and other terms of the contract may be changed.

3.4. In all cases, the justification of claims must be determined based on primary bookkeeping or operations accounting documents (notification of rejects, acts of substitution of materials, acts of down time, and so forth) and planned schedules of work performance (delivery of equipment, semimanufactures, materials, etc.).

3.5. Disagreements over cost-accounting claims are resolved by the collective's labor council of the enterprise, which makes appropriate recommendations on compensation for damages and punishment of the guilty parties in the established procedure and informs all parties concerned of them. The collective's labor council's decision on the claim, coordinated with the trade union committee, is final.

Footnotes

1. Henceforth called contract collectives.
2. Henceforth called enterprises.
3. The client has a right to establish rent for use of fixed assets transferred to the contract collective.

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Leasing Arrangements at Industrial Enterprises Described

Kursk Schetmash Association

18200267a Moscow SOTSIALISTICHESKAYA INDUSTRIYA in Russian 2 Aug 88 p 1

[V. Vasileva, special correspondent: "For Lease"]

[Text] *Lease contracts are becoming part of our economic life. From the podium of the July CPSU Central Committee Plenum it was noted that leases permit more fully realizing the potentials of socialist property, stimulate labor efficiency, unify the interests of society and the specific people who become creators, individuals and the genuine masters of production. We are hardly in disagreement with these conclusions, on a global scale at least. However, aren't there many examples of local hindrances? When the talk begins about converting a specific enterprise to a lease contract, then one hears calls for caution, a gradual conversion and a preliminary study... Do we have time for this? At the Schetmash Association in Kursk, they think that there should be no more delays.*

The last days of the quarter, as usual the most stressful, had passed. However, at this meeting the cost accounting commission was able to elect the managers of all shops and departments. It was opened by V. Shuteyev, the association's general director:

"For a year and a half we have been working under cost accounting conditions which have received a descriptive name—directorskiy. Yes, so far they have not left the plant management offices and have not reached each work place. We have no more important task than to involve all the association's workers in real cost accounting relationships. This is why the proposal by Yermolayev's brigade is so urgent."

A. Korystkin, deputy general director for economics, explained the essentials of the proposal:

Every year we spend hundreds of thousands of rubles on equipment repair. Are these expenses always justified? Yermolayev's brigade decided to sign a contract with the administration to lease the machine tools at its disposal. It will assume responsibility for their technical condition and has been transferred resources for all the necessary work. It is easier for the brigade to see how to use these resources. The workers themselves can do part of the work, for example, technical servicing and minor repairs. The Chief Mechanic's Department can be given orders for more complicated repairs. In any case, there is an interest in maintaining equipment and saving on repair costs, as half of the resources saved remain at the brigade's disposal. This is mutually advantageous.

Nevertheless, at first the workers' initiative raised many questions and even fears. Above all, from A. Sherstov, the Chief Mechanic. Won't it lead to cutbacks in repairs and to machines wearing out ahead of time. Therefore he set these conditions?

The lease contract absolutely must be long term, for at least 5-6 years. This is so the brigade will not only think about today, but also about tomorrow.

"Agreed!" Brigade Leader N. Yermolayev accepted these conditions without reservations. "It is not in our interests to destroy equipment. High quality parts cannot be made on a damaged machine tool."

What pushed workers towards the lease contract?

N. Yermolayev stated, "We are not satisfied with the planned and preventive maintenance system. Repair workers are now working for a foreign master. Equipment often undergoes major repairs not because it needs them but simply because the time has come. Nobody asks us anything. We grab the equipment with both hands, asking them not to touch it, it's working fine. But they still take it away. Often, after repairs it has to be fixed again.

"We also are not without blame. This is because the equipment is not ours. So we want things to change. If it breaks we pay for the repair. If we save money, we receive additional wages. Now this is in our power. We and the repair workers can have a material interest. Also, we will refuse additional equipment. We will not let machine tools sit idle. They can be used by a third shift."

V. Moskhin, chief of one of the shops, expressed doubts.

"People have not yet learned to calculate the costs. Lease contracts must be introduced gradually, stage by stage."

N. Yermolayev did not agree, "A century would not be enough time!"

The brigade leader was supported by N. Goncharov, chief of the Production Equipment Department.

"This Knowledge was not necessary and it would not be learned."

The brigade leader was asked another question:

How much will workers' earnings increase under the lease contract?"

"An average of 70 rubles," answered N. Yermolayev. "Keep in mind that this does not require any investments. It will be from savings."

I couldn't find Nikolay Aleksandrovich Yermolayev right away in the automatic turret lathe shop. Workers said he was probably in his office. A brigade leader in his office? It turned out that N. Yermolayev is not only a brigade leader, but also a section chief. His office is not just a table and chair, but also a work area where parts are painted. Previously, two people were engaged in this work. Now every day either the brigade leader himself, or one of the two foremen or technologists, who are also brigade members, come here for an hour to an hour and a half.

Counting the engineers, Yermolayev's brigade has 62 people. Three years ago there were 30 more people and output was the same.

Nikolay Aleksandrovich explains, "We made the first steps towards cost accounting when we changed the system for paying labor, linking it to final results. We started paying only for finished items which had been approved by inspectors. Quality improved immediately.

"The next step was a contract with the administration. The brigade is allocated a wages fund for its production volume. We ourselves decide plan composition fulfillment."

N. Yermolayev continues, "Here is where machine tool setters' potentials make themselves known. The productivity of automatic lathes has increased by 25 percent. This means that staff was reduced, while earnings per worker increased. Fewer machine tools are required. We are thinking about selling the ones no longer used.

"We have further plans, we will develop production."

How? After all the brigade's production volume is fixed and improvements in labor productivity have an effect only on staff size.

N. Yermolayev: "The last time the staff was reduced there were doubts. Why is it necessary to get rid of people who have worked in the section for so many years? There is another way. Using our brigade money we can acquire equipment and, on a cooperative basis, use it to produce items for which there is strong market demand. I hope that the plant service will help us find such equipment."

In closing the meeting of the cost accounting commission, V. Shuteyev, the association's general director, said:

"We cannot even imagine what benefits people will find and where they will find them when they actually, in deeds and not just in words, become masters of their section or shop. Then they will have a real interest in the results from their work."

Moscow Oblast Enterprises
18200267b Moscow *IZVESTIYA* in Russian 3 Aug 88 p 2

[Article by O. Osipov, special correspondent: "More than 150 Labor Collectives in Moscow Oblast are Leasing Enterprises"]

[Text] From industry (the Butovskiy Construction Materials Combine) lease contract has moved to the so-called non-productive sphere. Twenty nine stores, 30 cafes, bars and restaurants, 39 cafeterias, 4 ateles, baths, laundries, tourist centers, health facilities and hotels have begun working under the new conditions.

Mosobremstroy's [Moscow Oblast Repair and Construction Office] Mytishinskiy Cost Accounting Section for Services to the Population is now vitally interested in making apartment repairs (at state estimates) quickly and at least cost. This is for simple reasons: the better the work the higher the returns, there are no normatives or "ceilings" to earnings, savings in materials go into a common account, which is turned into additional rubles, while defective work is paid for by the section. Everything is covered in the contract. The section, the first in the sector to be leased, is trying to fill state orders and find profitable "above-plan" contracts.

Yu. Kostin, section chief, recalls, "Just a couple of years ago we were losing money. Then we began changing to collective contract last year and we earned 20,000 rubles in profits. Labor productivity increased 150 percent and wages 142 percent. This year we are tightly within the collective contract framework. We have retained various normatives and restrictions. Starting 1 May we leased the section. Now workers are no longer under dictates, but do what is deemed necessary when it is convenient to us and the client. For example, in constructing dachas, which are sometimes quite far away, we previously only worked eight hours, a lot of time was wasted on the road. Now brigades themselves set the working conditions."

Yuriy Ivanovich told about the pitfalls and fine points of lease contracts. They have begun to count money, something they previously did not do. He explained. Building a garage is very unprofitable. The present list price, more than 20 years old, does not cover costs. Consequently, it provides for no profits. They wanted to switch to realistic State Construction Committee estimates but were

forbidden to do so. They asked the USSR State Committee on Prices to reexamine the present list price. They were asked to wait a year or two."

It is the same with the general methodological provisions worked out by USSR Gosplan and the USSR Ministry of Finance, where it is written: "In distributing cost accounting income a leased enterprise should see that the growth rates of labor productivity exceed those of wages."

All this is correct. However, what is good for industrial enterprises is not always suitable for the service sphere. It is not easy to sharply improve labor productivity in fitting a lock or installing a window. It turns out that workers still do not receive all the money they earn by honest labor—USSR Gosbank strictly checks up on the observation of "general provisions." It is hoped at the section that such difficulties are temporary and that they will succeed in convincing economic agencies to show more flexibility.

The same opinion is held at the Moscow Obkom, which actively supports the progressive method.

V. Novikov, secretary of the CPSU MK [Moscow Obkom] said, "First of all, the capital oblast is lagging in social development. With regard to a number of indicators for living standards, such as health care, trade and public education, Podmoskovye lags behind Moscow and other oblasts in the Russian Federation."

"About 200 enterprises in various sectors are working at a loss. This is why special attention is being given to the new method for services. Lease and cooperative-lease contracts have already shown their great possibilities: Money losing cooperatives rapidly become profitable, while stable and progressive ones quickly get a second wind. Together with specialists and soviet and economic management organs have worked out a specific program of action to spread this movement. I think that in two years most of the non-productive sphere will be converted to collective contract."

V. Novikov continued, "Obviously, the introduction of lease arrangements cannot in any way be turned into a campaign. It is impermissible to issue commands and directives about the introduction of new working conditions indiscriminately everywhere. It is necessary to create the appropriate organizational and economic conditions at collectives and to bring them to recognize the need for and advantages of innovations. We see it as our task to protect contract collectives' independence from ministries' and departments' encroachments that hinder progressive and to provide party support and evaluations."

Undoubtedly, many problems arise even in working out lease contracts, such as happened at the Mytishchinsk Section. They must be solved now and not put off to

better times. This requires boldness and flexibility from central economic agencies, Goskomtrud [State Committee for Labor and Social Problems] the VTsSPS and other organs.

Even the first steps in leasing have shown that the relationships it creates contradict some provisions of the Law on State Enterprises (Associations), in particular in distributing cost accounting income. The law stipulates normatives, but practice shows that they are not needed in this case.

Or, leases lead to changes in management organizational: If the collective is independent, then why does it need a superstructure to dictate how to operate. This means that the leaseholder should have a precise economic contractual relationship with superior organizations. In other words, we are moving to a new, deeper form of cost accounting. Life shows that lease contracts have a future.

11574

Changing National Income Distribution Pattern Discussed

18200242a Moscow *PLANOVYE KHOZYAYSTVO* in Russian No 6, Jun 88 (signed to press 23 May 88)
pp 3-11

[Article by L. Vid, Candidate of Economic Sciences: "Rates Under the Conditions for New Quality in Economic Growth"]

[Text] At the present time, economic thought is concentrated on analyzing the processes taking place in the national economy, particularly the problems concerned with the rates of economic growth, production intensification and improving the distribution relationships. Such analysis will aid in uncovering new reserves and revealing negative trends, the overcoming of which will promote an improvement in the efficiency of social production. In confirmation of the urgency of this complicated task, allow me to cite an example drawn from the 11th Five-Year Plan, which reveals the adverse consequences of certain disproportions prevailing in the national economy. The national income produced increased by 19.2 percent and the supplies of commodity stocks—by almost 44 percent. Moreover, in industry the supplies increased more rapidly by a factor of 1.8 than production, in agriculture—by a factor of three, in transport—by a factor of 2.2 and in construction—by a factor of 1.7 (these ratios were in no way better than those for the 10th Five-Year Plan). As a result, the economy on the whole had fewer opportunities for expanded reproduction and for improving the well-being of the people and for those who had an excess of goods such a situation was economically of little consequence: they did not become rich and they did not bring ruin upon themselves. They were not burdened by a reserve drawn from national economic turnover.

This trend, a negative trend of extensive development, began to abate in 1986. During this current year, growth in social production in industry, construction and transport is taking place in the face of declining rates of growth in commodity stocks and this implies a great amount of work in the restructuring of production consumption. Only regulatory organizational measures are still in effect while economic methods and scientific-technical progress are being activated.

One of the most important and complicated problems of economic theory and economic practice is the distribution of national income for consumption and savings. Here we have in mind the formation of conditions for the comprehensive development of man and steady improvements in the material and cultural standard of living of the people, with corresponding development of the productive forces. Not only the consumption fund but also a considerable portion of the savings fund are being expended for this purpose: resources directed towards the construction of schools, housing, hospitals and other social facilities. During the 1986-1987 period alone, more than 80 percent of the national income was employed for improving the standard of living of the people. The distribution of its resources was associated directly with growth in the effectiveness of use of the country's productive potential, based upon an intensification of scientific-technical progress and a savings in material, labor and financial resources. The ignoring of this relationship could bring about a reduction in the opportunities for improving the standard of living during subsequent years.

In discussing the proportions at the national economic level, it should be borne in mind that electric power, and fuel and raw material resources are included in the fund for reimbursement, which also includes material expenditures and the amortization of fixed productive capital. It reaches extremely impressive amounts and describes current productive consumption. National income is influenced only by a savings in these resources and by a reduction in their expenditures for production. The principal volume of the fund for reimbursement, which consists of products from Group "A" branches, is contained in the gross output of industry. In 1987, the proportions of groups "A" and "B" in the volume of industrial production amounted to 74.6 and 25.4 percent. Certainly, it would be wrong to compare them against the proportions for the corresponding national income funds and, even more, to draw certain conclusions based on such a comparison. However, a need exists for analyzing how these groups of branches developed and what factors influenced the contribution they made to the volume of industrial production.

In 1928, the proportion of Group "A" amounted to 39.5 percent of the volume of industrial production and in 1940—61 percent, and this served as evidence of a qualitative change in the economy during those years: the country was transformed from a backward agrarian

country into a developed industrial power. Industrialization was accompanied by the attendant processes of specialization and cooperation and new types of products and branches in the sphere of production of means of production appeared, with subsequent movement of the latter into Group "B." These processes are continuing and thus the fact that the production of means of production increased during the post-war years is viewed as being quite proper, despite the fact that it took place at slower rates. Thus, from 1970 to 1985 it changed by less than 2 percentage points—from 73.4 to 74.8 percent.

But in noting the objective need for the presence in any economy of an efficient production base for increasing the production of consumer goods, we must confess that during the 15 years that preceded the current five-year plan the ratio for the development of these groups of branches did not meet the social requirements. Thus the increase in industrial output for Group "A" (in comparable form) from 1971 to 1985 amounted to 323.5 billion rubles and for Group "B"—102.5 billion and the rates for increasing the means of production exceeded by 19 percentage points the rates for the production of consumer goods. As a result, more and more Group "A" products were expended for each ruble of Group "B" output. Moreover, this situation developed in specific branches, the principal product of which was consumer goods (processing production operations of the agro-industrial complex, light industry and others). This process brought about a chronic shortage in initial resources and it led to the development in favor of Group "A" of its more capital intensive and sluggish portion, particularly its raw material section.

This trend could be changed and forward movement achieved in the rates for Group "B" through accelerated technical re-equipping for all branches and production operations of the consumption complex, in combination with a conversion over to the new managerial conditions. A need also exists for introducing resource conserving technologies, for processing more thoroughly the initial raw materials and for campaigning actively against resource losses. The implementation of such a program will make it possible to achieve a reduction in consumption throughout the entire range of Group "A" products for each ruble of increase in Group "B" output and extra production in the area of consumer goods.

No success was realized in carrying out this program during the first 2 years of the current five-year plan. In 1986 the production volume for Group "B" increased by 3.9 percent and for Group "A"—5.3 percent. The plan for 1987 called for increases of 5.1 and 3.3 percent respectively compared to the figures for 1986 and they actually amounted to 3.8 percent. This was the first positive trend and it revealed movement toward a change. Efforts in this direction must constantly be intensified.

But rather complicated processes are also taking place within the Group "A" branches: those branches which ensure an acceleration in scientific-technical progress in

the national economy, particularly machine building, are developing at incredibly high rates. At the same time, in 1986-1987 the rates for the production of products of the processing branches of industry, per ruble of output by the fuel and raw material branches, were lower than the planned figures.

Computations for the 1986-2000 period reveal that an active increase by five-year periods in the leading rates of growth for production volumes in Group "B" branches above the rates for Group "A" and an increase in the output of products by the processing branches of industry per ruble of fuel and raw material resources will make it possible to achieve the normative level for satisfying the requirements of the population for food and non-food goods. By the year 2000, Group "B" in the final analysis must be in the lead by a minimum of 20 percent. This implies that throughout the national economy as a whole a reduction must take place in Group "A" production per ruble of output by Group "B," with this reduction amounting to not less than 15 percent in the processing branches of the APK [agro-industrial complex], in light industry—on the order of 20 percent and in branches which produce non-food consumer goods—not less than 25-30 percent.

This is a difficult and yet realistic task. The solution for it requires a concentration of financial, material and intellectual resources. True, it is complicated by the fact that over an extended period of time we exchanged products of the fuel and raw material branches of Group "A" for consumer goods and raw materials for their production in rather appreciable amounts on the international market. A requirement exists at the present time for improving the structure of foreign trade turnover and, in particular, for reducing import purchases for a given group of goods. Taking this and other factors into account, the processing branches of the agro-industrial complex must increase the production of the final product by the year 2000 by a factor of not less than 1.8 compared to the 1985 level and in light industry—it must be increased by almost two fold. At the same time, the plans call for high rates for satisfying the requirements of Soviet people for modern and complicated domestic equipment, various types of furniture, private transport equipment, production-technical products, gardening, dacha and private plot buildings, highly effective medications and other non-food goods, the overall production of which will increase by a factor of at least three. Radical modernization of the respective branches will serve as a decisive condition for achieving the totality of these tasks.

Such a program for the thorough structural reorganization of industrial production is reflected in the draft Concept for the Economic and Social Development of the USSR, as developed by USSR Gosplan, the USSR Academy of Sciences and USSR GKNT [State Committee for Science and Engineering of the USSR Council of Ministers].

All elements of the national economy are closely interrelated. Thus the new economic mechanism (conversion over to the general use of economic methods and cost accounting) and the entire tremendous potential of the human factor, in the face of the obsolete production apparatus and the cumbersome structure of social production, will be unable to manifest themselves fully or solve the tasks assigned during the 27th CPSU Congress. This can be achieved only through the accelerated development of the investment complex, revolutionary renovation of the production base and a build-up in the infrastructure in combination with a radical improvement in the administrative system. The initiative and labor activity of the Soviet people must be developed not based upon expenditures of manual labor but rather upon achievements in scientific-technical progress, which are materialized through the savings fund in technical re-equipping, modernization of production and also in the erection of new enterprises.

Thus we cannot agree with the position taken by those scientist-economists who speak out against an increase in the proportion of savings in national income. They assume that it is precisely this factor that restrains the opportunities for increasing consumption and that growth in the population's standard of living can be achieved with fewer savings based upon improved efficiency. Truly, such a "consumer" model for economic development can appear to be attractive at first glance. It thereafter follows that it is possible to build less, produce machines and equipment and procure and process fuel and raw materials and the standard of living will increase steadily and sufficiently rapidly. It will be necessary merely to achieve an increase in the efficiency of social production, which will cover a reduction in the proportion of savings in national income.

This was precisely the method selected during the 10th and 11th five-year plans and yet it did not produce the desired results, nor is it capable of furnishing such results, since an improvement in production efficiency is conditioned mainly by the introduction of scientific-technical achievements and this in turn is associated with the accelerated development of machine building and a number of other branches, the placing in operation of capabilities which are in keeping with the modern international level and labor organization and renovation of the economic mechanism.

Meanwhile, technical progress requires savings; commencing in the 1970's, the rates of growth for the savings fund declined and it did so more sharply than those for the consumption fund and for national income on the whole (see Table).

Increases in Average Annual Volumes for National Income, Consumption Fund and Savings Fund (in percentage)

| | 1971-1975 | 1976-1980 | 1981-1985 |
|------------------|-----------|-----------|-----------|
| National income | 34 | 24 | 18 |
| Consumption fund | 34 | 27 | 19 |
| Savings fund | 32 | 19 | 13 |

This brought about a reduction in the savings fund in national income, but it did not result in an increase in resources aimed at raising the standard of living of the people. The reduction in the proportion of savings, which it would appear was accomplished for the sake of consumption, was "eroded away" by low efficiency in social production on the whole and particularly in capital construction. Thus the effectiveness of use of production capital investments in the national economy declined during the 10th Five-Year Plan by more than 25 percent and during the 11th—by 12 percent. Moreover, a decline took place in growth in capital investments: from 41 percent during the 9th Five-Year Plan to 28 during the 10th and 17.5 percent during the 11th. Accordingly, it was impossible with such indicators to achieve scientific-technical progress, the mass introduction of modern and particularly resource-conserving technologies or the release of resources needed for raising the population's standard of living and for developing the social sphere. Another model for economic development, one which includes growth in the proportion of savings with an improvement in production efficiency and growth in consumption, is being realized at the present time. It is based upon the concept of savings accompanied by the accelerated development of machine building and by scientific-technical progress as a condition for raising the efficiency of social production, which constitutes the basis for increasing consumption. Thus, the 12th Five-Year Plan calls for an increase in the volume of national income of 20 percent and in the savings fund—22 percent. Taking into account the planned production efficiency, this will make it possible to achieve a growth of 19 or more percent in the consumption fund and to create more favorable conditions for raising the standard of living in subsequent years.

During the 27th CPSU Congress, special emphasis was placed upon the fact that such a maneuver is needed for achieving both current and strategic goals and that subsequently the proportion of savings can be stabilized and even reduced somewhat. The task of achieving this very important national economic proportion during the 13th Five-Year Plan will depend to a considerable degree upon realization of the program aimed at accelerating scientific-technical progress and active resource-conservation during the current five-year period.

It should be remembered that the savings fund includes resources not only for production construction but also for accelerating the development of the socio-cultural

sphere. One peculiarity of the 12th Five-Year Plan is that of a sharp change in the structure of savings expenditures in favor of the construction of housing and cultural, educational and public health installations. All of this underscores the fact that the model for economic growth introduced during the five-year period is directed towards satisfying man's requirements to a far greater degree than in the past.

Today it can confidently be stated that a principal turning point in the work of strengthening the material base for the socio-cultural sphere has become an objective reality. Capital investments allocated for these purposes from the savings fund have grown more rapidly than in material production. In 1987, the rates of growth for investments in the non-productive sphere were higher by a factor of three than those for the national economy on the whole and their proportion of the overall volume of capital investments, financed by means of all sources, increased to 29.2 percent (from 25.7 percent during the 1981-1985 period).

The social policy developed during the 27th CPSU Congress is closely associated with a change in the structure of production capital investments. Over the course of the 1986-1990 period, a solution must be found for the task of halting the decline in the effectiveness of production capital investments (from -12 percent to +16 percent for the national economy on the whole). In 1986-1987, success was achieved, by means of redistribution, in directing large-scale financial funds and material resources for use in non-production construction. Computations have shown that during the 1991-1995 period it will be necessary to raise the effectiveness of use of capital investments by more than 30 percent compared to the current five-year plan. The solution for this task acquires a reliable material base in progressive resource-conserving technologies and the new economic mechanism. In 1988, use is being made of large investments and resources for the technical re-equipping and modernization of existing production operations. Owing to the introduction at enterprises of the principles of complete cost accounting and self-financing, the technical re-equipping of the production potential has commenced in an active manner. In 1987, the proportion of capital investments used for these purposes amounted to 46 percent of all resources invested in production construction (compared to 38.7 in 1985 and 33 percent in 1980). Physically and morally obsolete capital is being replaced in a more intensive manner. Thus, their withdrawal in industry over the past 2 years amounted to 2.3 percent compared to 1.7 percent during the 1981-1985 period. The introduction of more productive machines and equipment and modern technological processes has been accelerated in branches of the national economy.

At the same time, it should be noted that the technical renovation of the production base is a complicated task. Today, 41 percent of the machines and equipment in operation in industry are more than 10 years of age, that is, they are obsolete. More than 28 percent of their

number require rapid replacement since they are physically worn out. The vital nature of this task is conditioned by the fact that if this particular problem is not resolved we will not be able to solve another and equally important one—reducing considerably repair operations, which have increased tremendously in scope and which are absorbing a large quantity of resources. Thus, in 1986 and compared to 1980 repair operations in the national economy increased by a factor of 1.5 and constituted one fifth of all capital investments. The outcome from this situation was planned and it is being realized, but a need exists for increasing the rates for the technical re-equipping of machine building. This will determine the priorities for the development of machine building.

Technical re-equipping quite often cannot be separated apart from modernization, especially at infrastructure stages that are closely associated with the principal production. All of these processes are increasing in strength. The goal of such tremendous operations, which will be continued during the next five-year plan, consists not only of achievements in the area of quality and resource-conservation, an increase in products at the international technical level so needed for the national economy and the rapid renovation of such production, but also basic social changes in production and an improvement in the ecological situation in the various regions. This requires large capital investments, which are formed from savings funds and amortization.

In order to accelerate socio-economic development, a need exists for break-throughs in new spheres of knowledge, the production of fundamentally new types of products based upon the use of this knowledge and the introduction into operations of progressive technological processes. As a rule, the practical realization of these methods is impossible in the absence of new construction, since production operations must be created which did not exist earlier (such was the case with space equipment, atomic energy, microbiological plants and others). Some of the problems can be solved using the resources of enterprises, centralized funds of ministries and long-term bank credits. But there are also programs the implementation of which requires state centralized capital investments. The new economic mechanism strengthens the requirements associated with the selection of installations financed from the state budget, for in the face of limited capital investments (including financial, material and other resources) and growth in their proportion among enterprises, the investment potential of the state declines.

In addition, it must not be forgotten that a portion of the budgetary funds is used for the development of new mineral deposits and the development of new regions. Our country is rich in various mineral resources and this represents a tremendous advantage. But it should not be exaggerated. Natural resources are to a large degree irreplaceable and they must be utilized in a thrifty manner while carrying out nature conservation methods.

In the face of a low estimate of resource conservation, the possibility exists of so-called self-development of heavy industry, at which time we can assume that growth in machine building will raise practically the same requirement and also for more growth in the production of metals and plastic and these will impose raised requirements for fuel and energy resources. For their part, the fuel and raw material branches are beginning to demand additional machines and equipment.

With such development, overall economic growth would not produce an increase in the consumption fund and it would not ensure an improvement in the standard of living, since there would be a decline in the growth in resources required for developing those branches which operate in behalf of human needs. A break-through in this sphere of extensive development during this modern stage has become possible as a result of maximum resource conservation. It makes it possible to achieve a situation in which production growth in any processing branch will not produce a requirement for similar growth in an extractive branch of industry.

The following warrants special emphasis: the branch proportions for the current five-year plan were developed based upon the fact that 65-60 percent of the increase in requirements for fuel and raw material resources will be covered by means of economies in the use of these resources. The plans call for the rate for lowering the material-intensiveness of the social product to be increased by a factor of 1.7. The energy-intensiveness of national income is to be lowered by 8.5 percent (compared to 5.4 percent during the past five-year plan) and metal-intensiveness—by 14 percent (compared to 10 percent). It was precisely this approach that made it possible to plan, for the five-year plan, a substantial increase in the proportion of processing branches, leading development of the rates for improving Group "B" branches compared to Group "A" and considerable growth in capital investments in the construction of installations in the social sphere.

In view of the above, let us examine the situation in the branches of primary resource conservation and in some others. In the extraction of petroleum, 98 percent of the capital investments today are expended for maintaining the achieved volume, in the coal industry for underground workings—up to 60, gas industry—20, non-ferrous and ferrous metallurgy, mineral-chemical, timber procurement industry and in the construction materials branches—40-50 percent. But indeed in some areas it is nevertheless necessary to add the primary resources. It is rather an expensive undertaking to intensify the volumes of the raw material potential in the face of deteriorating mining-technical factors concerned with the extraction and placement of many enterprises in almost inaccessible regions characterized by extreme natural-geographic conditions. Thus there is an objective need for the renovation, based upon scientific-technical progress, of the entire production potential and the use of economic administrative methods in behalf of continuous resource conservation.

A similar situation prevails in the processing branches. In the absence of constant replacement, especially during the present period of scientific-technical revolution, fixed productive capital ages rapidly. During 1987 alone, the productive potential of our national economy (with the exception of machine building), as a result of unsatisfactory work concerned with the placing in operation of new capabilities, has aged by three points. Accordingly, there has been a slow-down in achieving solutions for the tasks concerned with resource conservation, in ensuring the quality of products, in attaining the international technical level for production and in increasing the production of goods for the population. Here all those who participate in the investment cycle must provide some input (machine builders and builders, operations personnel and various suppliers). Both the processing potential of the national economy and the logistical base of the extractive branches must be renovated as rapidly as possible. The measuring point for our potential in solving these tasks—the size of the fund for savings and amortization funds. Everything is dependent upon how they are growing and how effectively they are being employed. Using individual branches as examples, let us see how they are being used and the results of such use. Thus the timber procurement industry is almost on a par with American industry in terms of the cutting down and shipping of timber, that is, in obtaining lumber. Practically speaking and for the national economy on the whole, no increase is being noted in the cutting down and shipping of timber. This means that rather large funds must be invested in this branch merely for the purpose of maintaining capability and ensuring that there is no decline in the amount of lumber being obtained. But given the same volume of lumber use for internal needs, the Americans are producing more final product by a factor of 3-3.4. Hence a need exists—and for this there is a technical-technological basis as borne out by the example of the U.S.A. and other developed countries—for sharply increasing the branch's yield of final product, with stabilized production of the initial raw materials. In order to convert the processing of wood over to a waste-free technology, the branch must be technically re-equipped in a rapid manner and in complete unity with the development of machine building and the chemical industry in the given directions. This will reflect a new quality for growth.

Another example. Our country has attained first place in the world in the production of iron and in the gross production of finished rolled ferrous metals. But the branch, similar to many others, was developed based upon the extensive method, the potential of which has been exhausted. Since 1986, the production of pig iron and deliveries of ore and coke have been stabilized in a planned manner. The third year in intensifying the production of steel is being carried out only on the basis of increasing the processing of scrap metal (it bears mentioning that this is why such importance has been attached to the latter and why in 1988 it has been included in a state order).

One method for branch intensification—the extensive introduction of machines for continuous steel teeming, a method which will provide savings in steel during the production of rolled metal. But the proportion of steel teeming in the USSR today using this economic method amounts to only 16.1 percent and in other developed countries—from 52 to 93 percent. In addition, the strength characteristics of the metal are often lower than those in foreign countries. This derives from the fact that ferrous metallurgy is still not carrying out the production of metal alloys in the quantities required and the processes of thermal hardening and the development of the so-called fourth conversion, which must accelerate and expand the production of effective types of metal products have fallen behind.

In order to advance ferrous metallurgy along the intensive path of development and for the purpose of overcoming obsolete negative tendencies, the long-term all-round "Metalloyemkost" [metal intensiveness] Program was adopted last year. It calls for the re-equipping of ferrous metallurgy enterprises based upon the use of modern domestic equipment. The plans call for a radical restructuring of the structure for the production and consumption of construction materials in the national economy based upon an optimum combination of effective metal products having raised strength characteristics, construction plastics, composition materials, products of powder metallurgy, an expansion in the use of light metals and alloys made from them and products obtained from the thorough processing of wood and progressive construction materials. All of this constitutes the concept of new quality in economic growth and yet it quite naturally requires capital expenditures.

Let us take a production operation that is progressive and profitable throughout the world—petroleum refining. The time is at hand—increases in the extraction of petroleum have declined sharply. The only means for satisfying the requirements of the national economy for motor fuel and chemical raw materials is through the technical re-equipping of the branch and, on this basis, increasing the production of the final product. For example, the technology employed by us for processing petroleum provides a selection of light petroleum products from a unit of raw materials of somewhat more than 60 percent, while at the same time in other countries—80 percent and higher. The work aimed at re-equipping the branch must be accelerated and the branch must be equipped with modern and complicated equipment.

There is still one other example—power engineering. Let us compare the proportion of electric power output at atomic power stations: in 1987 in the USSR—12 percent and in other developed countries—from 25 to 70 percent. Yes and the structure of our fuel consumption in electric power engineering is not the best; we burn 3.5 times more petroleum fuel and 1.5 times more gas than do the Americans. Cheaper coal is being employed extensively in the U.S.A. (we are in no way inferior to them in terms of available supplies of coal or coal

quality). The mentioned comparisons reflect world trends in the development of the branch. We must take into account and change the structure of fuel supply for electric power engineering in favor of coal and we must continue the development of atomic energy. The time is at hand for replacing the fixed productive capital at active electric power stations, since up to one half of them reflect wear and tear of more than 60 percent and this is lowering the reliability of electric power supply for the national economy and precludes the possibility of realizing greater economies in the use of fuel.

We have attained first place throughout the world in the volumes of cement production, but we have long neglected the most economic technological process—the "dry" method. At the present time, this method is being used for producing only 16 percent of the cement at enterprises of USSR Minstroymaterialy [Ministry of the Construction Materials Industry] and in other branches, while at the same time in other countries—from 60 to 90 percent. The old technology is accompanied by an overexpenditure of fuel, with the increase in the prices for it having an effect on the production profitability for cement. Hence, even in the face of a sharp reduction in cement production as a result of improvements in its quality and in cement economies, we are confronted by the task of re-equipping the cement industry in a planned manner while taking into account the need for converting over to the new technological process.

The examples cited prompt the chief conclusion: rates are needed, but upon the condition and in those branches where they promote the conversion of the national economy over to the intensive path of development and new quality in economic growth. For a number of branches (trends), the task consists of merely maintaining the achieved level of production. Thus the solution for the problem of rates, taking into account the new quality of economic growth, is associated with improving the structure of social production and with the need for determining the optimum rates of growth for national income and the proportions for its distribution to the funds for consumption and savings.

Under the conditions associated with achieving a new quality for economic growth, the problem of rates is a component part of the overall concept of acceleration. Moreover, acceleration is not viewed merely as an increase in production volumes. Here we have in mind the fact that under the conditions imposed by balanced and effective economic development and with a flexible mechanism for response by the structure of social production to the appearance of new scientific and technical plans, progressive technologies and changes in the social requirements, the higher rates of growth in national income are making it possible for society to satisfy more rapidly and more completely the increasing and changing requirements.

The new quality of economic growth which the national economy has started to convert over to—is primarily an intensive type of reproduction. For the new quality of

economic growth is capable of raising the Soviet economy to a state in which stable and superior economic results can be achieved compared to the overall expenditures of live and past labor. Strength and support for the concept of acceleration in the restructuring of all spheres of social production and the entire administrative system, as stated in a speech delivered by M.S. Gorbachev during the February Plenum of the CPSU Central Committee, are needed for creating the necessary prerequisites and powerful stimuli for scientific-technical progress, for combining the possibilities for planned management of the economy with the personal interests, industry and enterprise of the people and for attaching such forms to social ownership and to the managerial and administrative methods as to allow man to feel that he is the master of production and thereafter be free to display maximum activity.

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Priority Focus Urged for Political Involvement in Economic Policy

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[Article by M. Popov, Candidate of Economic Sciences: "Role of a Political Approach for Economics"]

[Text] The trends and means for accelerating the country's economic development were among the many questions discussed extensively during the period devoted to preparing for the 19th All-Union Party Conference. The solution for the tasks concerned with restructuring was accompanied by a search for methods for raising the efficiency of social production and for improving national economic administration based upon the extensive use of economic methods. But in the process, the well known Leninist statute concerning a political approach to economics and the fact that politics cannot prevail over economics, the development of which requires the democratization of relationships, an improvement in the role played by man and activity by the labor collectives aimed at solving production and social tasks, continues to remain a vital concern.

"Democratization" stated M.S. Gorbachev during the February (1988) Plenum of the CPSU Central Committee, "responds to the very essence of the Leninist concept of socialism. It enables our society to attain those ideals for the sake of which the October Revolution was carried out. A need exists for ensuring that the entire party is clearly aware that it is only through democratization that we can fully include the human factor in the profound changes taking place in all aspects of social life and in the true processes of administration and self-government."¹

Democratization is accompanied by a strengthening of the political influence of the party and its ideology upon the system of production contacts and relationships of collectives and workers in the sphere of production.

In carrying out the political management of the economy, the party, as a social-political organization, exerts influence on the production activity of collectives through politics, while instilling a political approach for the work for the personnel of various categories.

The experience of party management and state administration of the economy will be most productive upon the condition of there being a dialectical combining of the political approach for management and the economic methods for carrying it out.

The party has directed attention to the fact that such a relationship has not always been followed. And at the present time, the essence of the economic methods is often being restrained; they are being reduced merely to personal and collective material stimulation associated with a distribution according to labor. Such a notion touches upon the prospects for the development of economic relationships and administering the economy. In this interpretation, the economic structure for the highest phase of communism is deprived of economic administrative methods. The basic relationships for administering a given socio-economic formation are inherent internally in the economic methods.

Under socialism, they include not only personal and collective material incentives but also other methods, including economic normatives and an entire arsenal of means for regulating production and distribution, exchange and consumption. Naturally, in the process one cannot help but take note of the economic essence of the plans and their role in the complicated system of production relationships. The totality of the economic forms and methods for administering the economy retains its regular objective character and hence the need for employing them only in those instances when the purposes which they serve are not in conflict with the requirements of the economic laws for social development and the socio-economic interests and they realize economically the social ownership of the means of production. But if the normatives and indicators and the system of stimulation do not direct the work of all social production towards carrying out the interests of society, they lose the character of economic administrative methods, thus hindering also the satisfaction of personal and collective interests. The observance of social interests—this is what determines for the most part the advisability of employing certain economic methods. Here we have in mind interests of high social development, interests which reflect the requirements of all society and also the prospects for its movement from a lower phase of communism to a higher one.

All classes and layers of a socialist society are objectively interested in this movement. Under the new historical living conditions for Soviet society, the leading role played by the party, which expresses the interests of all of the people, is increasing in a regular manner. This predetermines the class character of the politics and all activity by the CPSU, including in the economic sphere.

Since any development takes place by means of a conflict between opposites and a conflict between creative and negative tendencies and their notions, restructuring, being primarily a political process, appears as an expression of this conflict—progressive and regressive tendencies are in conflict within it. Thus a special need exists here for a political approach and for political evaluations.

The use of a political approach for analyzing economic processes presupposes taking into account their contradictory nature and the defense in a conflict of opposites of that side with which the future is associated.

One contradiction in the development of socialism is the conflict between its communist nature and the elements which negate it, elements which result from its origin and historical place between capitalism and communism. It is resolved during the course of the conflict, the movement towards complete communism, the creation for it of adequate productive forces and social relationships and the formation of a new type of personality. A campaign for communistic socialism is a campaign for strengthening and developing public ownership and for directing the independent activities and initiative of labor collectives into a single channel for satisfying public interests. This would then make possible the economic realization of public ownership, the progressive development of socialism from bottom to top and a more complete unfolding of its advantages.

The political approach to economics is aimed at taking into account other contradictions concerned with the development of socialism, including contradictions between use value, when society is interested in the quality of the products being placed in circulation, and cost, since the direct producer is a collective that is interested in a higher price. This contradiction raises the role played by party politics in its various forms, politics which reflect the interests of all society and all of its layers and also the role and influence of the socialist state in combining interests and smoothing out these and other contradictions. For example, here we have in mind the contradiction between the public character of socialist production and marketability. It has been observed in a number of production relationships of socialism—public or commodity-money relationships directly, if we assume the latter to be public relationships directly, which appear in commodity-money forms.

Objectively conditioned functioning of commodity-money relationships in a socialist economy achieves the desired goals provided the priority of public interests

and the direct public character of production are strengthened. And conversely, the goal of this functioning is distorted when, in pursuit of narrowly understood personal or collective interests, the priority of public interests is weakened or undermined. It is at such a time that the desire for personal enrichment and for obtaining unearned income begins to prevail among some workers to the detriment of the needs of society and the people.

The social and political criteria for cost accounting, which is aimed at carrying out state tasks defined specifically in the plan and obligations of collectives in a socialist competition, consists of combining the public, collective and personal interests. Cost accounting assumes interest and material responsibility by collectives and workers in carrying them out. If this purposefulness and the principles of cost accounting are overlooked, then it loses its socialist character and is regenerated in an account of a restricted-commercial type. Both of these lines are manifested in the movement of cost accounting relationships during this modern stage and the political approach consists of singling out and supporting not just a suitable policy but rather truly socialist cost accounting.

The press cites many facts concerned with the discrediting of cost accounting in which truly complete cost accounting, which includes a reduction in expenditures, is replaced by inflated prices and a desire to solve economic problems not through the introduction of scientific-technical achievements but rather through the redistribution of the total social product and national income created and in the final analysis—the standard of living of the workers. When lowering prices in conformity with a reduction in labor expenditures, under the influence of growth in labor productivity, the cost indicators and cost accounting norms are aimed at realizing the goals of socialism with reduced expenditures of labor and materials and with better use being made of productive capital. Truly socialist cost accounting implies the accounting for and reductions in expenditures, savings in material resources and live labor and it has nothing in common with attempts to solve economic problems at the expense of the national economy or other collectives, while in the process taking advantage of its monopolistic status in the production and marketing of labor products required for the national economy and the entire population.

The political approach for evaluating economic processes is based upon the understanding of socialism as the society of the first phase of communism. "The party" it is stated in the CPSU Program, "constantly monitors the communistic prospects for its politics, its economic and social strategy and the tasks for organizational and ideological work."² During this phase, the classes are still not destroyed completely, the differences between the cities and countryside and people performing mental and physical labor continue, social inequality continues to take place, including between men and women—in participation in the management of households—

between various workers—in the amounts and methods for obtaining that portion of the social wealth which they have at their disposal. As a class, the working class is more fully and consistently interested in destroying social inequality, it expresses the vital interests of both the kolkhoz peasantry and the socialist intelligentsia and all workers and thus it heads the struggle to completely destroy classes, which is in keeping with the economic, social, political and ideological development of socialist society.

During the course of this struggle, the contradiction between the classless nature of communism and the classes during its first phase is resolved and movement is achieved towards a society of complete social equality.

This struggle is opposed by a desire on the part of some workers or groups to provide society with less and worse and to take from it more and better. These attempts appear as petty bourgeois actions under socialism, manifested in the absence of petty bourgeoisie but in the elements of its psychology. The struggle against them in the sphere of both politics and economics is political in nature, but it is not directed against one class or layer of socialist society and it does not suppress but rather it raises the workers, releasing them from the century-old habit of viewing labor as forced work and furnishing assistance in eliminating lack of discipline, slovenliness, indifference and egoism.

One manifestation of this struggle is that of state acceptance, which serves to prevent defective products from reaching the consumer. Today this is a real weapon in the struggle by the socialist state, as the representative of society as a whole, against attempts to seize as much of the social product as possible. Use must be made here of an effective political approach for the problem and the personnel who are assigned this work must perform their tasks in an uncompromising manner. Among them we encounter some workers who also suffer from departmental zeal. Nevertheless, the consumer and all society profit from a collision between the two approaches for controlling the quality of goods—state acceptance and the departmental approach—and from overcoming the latter. In analyzing existing experience, some thought should be given to removing the OTK [Department of Technical Control] from subordination to enterprise administrations, to unifying the process for controlling the quality of products and to achieve in this complicated sector a manifestation of national interest in realizing a decisive turning point.

An exceptionally important trend with regard to the effectiveness of the political approach in economics is that of the planned management of production and the development and organization of plan fulfillment, since systematic planning for socialist production is not guaranteed against the entry into socialist economics of the elements of spontaneity. Moreover, the work would be simpler if the systematic planning was undermined only from below—non-fulfillment of production plans.

Unfortunately, deviations from it are not excluded during the course of plan development or at various levels in the system of planning. And the consequences of low quality planning, tolerated by some workers, affect satisfaction of the requirements of people and society as a whole and also the political authority of the socialist plan. Here the logic is obvious: if the plan does not call for strict scientific realization of public interests, it discredits both the idea and the practice of socialist planning and it adversely affects the prestige of this most important advantage of the socialist system. This is why an improvement in the quality of plan composition, more complete conformity of the plans to public interests and a campaign against the substitution of democratism for planning, achieved with the participation of labor collectives, thorough pre-planning development of the problems concerned with skilled specialists through a purely formal filling in of various forms—this is a task of political importance for strengthening the principles of socialist management and for intensifying the magnetic force of socialism throughout the entire world, which is monitoring the successes and failures of the world's first planned economy. Here we have in mind the chief trend with regard to the influence of politics in the sphere of economics and its social orientation, which signifies consistent change towards more complete satisfaction of the increasing requirements of our Soviet people.

Persuasion is first of all required for counteracting the elements of spontaneity in a planned economy. But work is more persuasive than anything else. At the present time, we must observe those priorities in planning with which an acceleration in socio-economic development is associated. This includes first of all the introduction into production of scientific-technical achievements in all areas, leading development for machine building and achieving the highest international levels and even surpassing them in the output of machine building products. Special importance is attached here to savings and economies in the use of labor, achieved through the use of better equipment and the planned technical re-equipping and modernization of enterprises, while reaching a coefficient for renovation of the equipment pool which makes it possible to have the cycle for technical renovation conform to the period for the appearance of new generations of equipment.

A political approach for planning technical progress presupposes a reference point that would allow for a savings in labor by those performing material-production work to be transformed into additional free time and not converted into growth in unproductive expenditures, with increases taking place in the scales of various types of institutes and in the appearance of services in the absence of a true check upon their need and upon the urgency of creation for the work of socialist development. The requirement for social direction in planning the consistent implementation of the goal of socialist production is associated with the above—ensuring complete well-being and free and comprehensive development for all members of society. Hence, the

selection of priorities and the establishment of proportions for the development of the production and non-production spheres. A need exists for overcoming prejudices, as though the economic phenomenon is possible beyond the social phenomenon and supposedly can conduct a socialist economy while ignoring its social goals. How can we discuss the initiative of workers, energy or competition, if the plan did not call for a conversion of growth in labor productivity into an increase in the mass of material and spiritual blessings or the use of a savings in time for creating the material principles for developing all members of the socialist society.

By itself, growth in production still does not signify growth in the well-being of workers if we fail to close all channels used by hunters for taking in hand social output and all openings through which the wealth created by the people is disappearing off to the side. Thus importance is attached to encouraging broad layers of society to participate in the work of restoring order in the storage and accounting for the output of our social production, such that everything produced goes to those who produced it, in conformity with the goal of socialist production. Democracy is possible in the production sphere provided its participants are informed regarding the economy, the social and spiritual life of the collective and social processes.

The political character is inherent in the tasks for social development if only because by their very nature they cannot be resolved in a highly specialized manner. In a developed personality, all society is interested in the rational use of its capabilities. And it cannot remain indifferent to how man's living and working conditions are created. The task of easing and improving working and domestic conditions must be augmented by a complex of other social conditions, based upon which the comprehensive development of workers progresses. This includes the development of transport services and public catering, medicine, education, a network of pre-school institutions, the sphere of art and reproduction of the natural environment as conditions for the development of workers. The politics concerned with maintaining a systematic approach in this work—achieving truly complete well-being and comprehensive development for all members of society—can be realized only upon the condition that the planning will be complete, socio-economic and embrace both the branch and territorial aspects and not be hampered by use of a narrow departmental approach. The shortcomings in territorial planning and its backwardness with regard to branch planning are the direct result of a residual approach for developing the social sphere, an approach that is incompatible with the true nature of a socialist economy.

Unfortunately, problems still remain with regard to achieving completeness in socio-economic planning at both the national economic and regional levels. The solutions for these problems must be strengthened materially and the priority attached to social goals must be

reinforced from both a personnel and organizational standpoint. The carrying out of the decree of the June (1987) Plenum of the CPSU Central Committee is opening up broad opportunities in this regard, but progress is still not sufficiently rapid. The elements of spontaneity are strong not only with regard to ensuring deliveries of products and the re-equipping and modernization of our enterprises but also in such areas as personnel training, education, medicine, culture and other spheres of social life.

In summing up the above, it should be emphasized that the conflict between the planned nature of socialist reproduction and the elements of spontaneity is being resolved mainly by strengthening planning discipline, upon which the quality of plans and their implementation are dependent. The country has at its disposal a strong material base for planned discipline—this is social material interest that is based upon the law of movement of socialist production. As a result of its action, the methods of persuasion become of definite value for the purpose of strengthening socialist discipline. But we cannot close our eyes to manifestations of petty bourgeois anarchy (drunkenness, hooliganism, lack of discipline, irresponsibility), which are also strong and which also have an economic basis, since growth in the well-being of one person or one member of society can be achieved not only through growth in the social product but also through attempts to obtain a larger portion of it. A conflict against such attempts cannot be limited to merely persuasion, but rather it requires a display of determination on the part of the state, labor collectives and social organizations and the use of forcible measures against those who violated discipline, in the interests of the population as a whole. The class character of the social interests defines the class character of compulsion as one means for combating petty bourgeois anarchy and lack of discipline. The state is an organ of class compulsion and it performs an organizational function, ensuring a system of planned centralized administration of the socialist economy.

Certainly, importance is attached to using force and the authority of the state for raising planning discipline. But the measures for combating violators of discipline must be employed when the violations take place. And the completeness and balance called for in a plan and intended for carrying out social interests must still be restored. Thus the organs of administration must have at their disposal a reserve for preventing disruptions in those sectors of the economy where the plan is disrupted and they must constantly respond to changes in the economic situation by introducing additional state orders or changing them in the interest of taking into account more completely the interests of society, the labor collectives and man. As a result of this, the state orders must accept the possibility of economic maneuvering. In essence, planning work must be continued during the course of fulfilling a plan—only then will it be implemented. The organization of plan implementation and continuous reaction to changes in the economic

situation, in the interest of realizing more complete planned satisfaction of the social requirements signify an improvement in the role played by an economic center in administering an economy which employs methods which are inherent in its activities, methods which are mainly single-minded in purpose in a planned socialist economy, that is, they do not run counter to the economic nature of socialist management.

However, it is clear to all that a plan and a state order can encompass and predetermine only the chief and principal concerns, but they are final and economic activity is endless and varied. Thus, beyond the extent of the problem under discussion, a diversity is retained for the economic parameters included in the sphere of economic independence of socialist enterprises. Thus it is important for the actions of workers in this sphere to be directed towards realizing the potential of public ownership and public economic interests. Varied activity is needed, including political forms aimed at more complete and consistent carrying out of public interests.

The first form for the development of such activity—a socialist competition in which the political and social activity of labor collectives is manifested, activity which will make it possible to direct the energy and initiative of workers towards raising the efficiency of public labor. Rather than gravity and anarchy, there should be free and conscientious social creativity in the interest of raising the well-being of all members of society—such is the essence of a socialist competition as an economic method for the participation of workers in administering and mobilizing production potential under the conditions of socialism. Its organization today presupposes an orientation towards solving the tasks concerned with socio-economic development, an evaluation by each participant of his work and the work of the collective in conformity with the social requirements and moral and material support for leading workers in the form of broad dissemination and introduction of their methods and by presenting them with more cultural and aesthetic benefits, increased wages and other forms of material stimulation. Accordingly, the activities of poor workers must be singled out in all areas, the reasons for their failures must be analyzed and every attempt must be made to ensure that unconscientious workers do not enjoy the same benefits which leading workers are entitled to receive.

A political approach to economics implies the activation of self-criticism, exactingness of oneself, the development of a sober evaluation of one's contribution and the potential of each worker, a correct understanding of the social importance of one's labor and the role it plays in the carrying out of public interests; a determination of the prospects for one's growth and for raising the quality of work carried out. In such a totality of considerations, the methods for moral and material incentives will be organically included in the socialist system of economic administrative methods and demonstrate their effectiveness.

In the process, one must not ignore the fact that material incentive methods simultaneously include the essence and elements of economic compulsion for the carrying out of tasks that derive from the nature of public ownership. In conformity with the incentives for work by collectives, these include discounts, a reduction in the proportion of withholdings from profits for the funds of enterprises and various economic sanctions. A reduction in wholesale prices in connection with planned growth in labor productivity is capable of functioning in this same direction. The mentioned measure would respond to this task to the greatest degree by forcing, under the threat of a reduction in all of the cost indicators for the work, better satisfaction of the requirements and utilizing the means of production which belong to society, a more rapid introduction of scientific-technical achievements, the promotion of good workers and the release of those who are not striving to achieve proper results within the administrative apparatus. Overall, the requirements of society and man would be satisfied more completely and conditions would be created for lowering retail prices as labor productivity increased and in this manner public material interest would be activated to a greater degree; it would become more visible and more perceptible for each member of socialist society. With such a ratio and interaction among economic measures, the wholesale prices would serve as a barometer for labor productivity; growth in prices would signify a drop in it and conversely. A worker would become apprised of such fluctuations not from newspapers and reports by statistical organs but rather from realistic data describing his family income.

A political analysis of practical solutions is especially important when carrying out large-scale socio-economic and social measures which touch upon the interests of all members of society. This applies in particular to the draft USSR Law Governing Cooperation. Worthy of mention is the extensive and active participation by workers throughout the country in discussing this draft law, which must promote a solution by the state and all society for the task of satisfying the population's requirements for goods and services and also resources which will ensure the priority interests of society as a whole and not just individual persons or small groups, excluding in the process violations of the principles of social fairness.

In a number of socialist countries, in conformity with legislation, the output of cooperatives is sold at prices which are no higher than the state retail prices. If we establish a similar system, it may be possible to achieve efficient support for socialist cooperation and place a limit on speculative aspirations, which are already being manifested to excess. In Nikopol, in a letter sent in to a central newspaper, N. Samusenko cites the following figure. Every individual engaged in industrial production produces roughly 22,000 rubles worth of products annually. His wages during this period amount to approximately 2,500 rubles. Hence, society receives more than 19,000 rubles (including the fund for reimbursement). At the same time, cooperation specialists in

Donetsk Oblast who earned profits amounting to 4.7 million rubles returned only 79,000 to the public treasury. Naturally, a portion of the earnings was used for providing reimbursement for raw materials and other materials. Nevertheless, having worked at a state enterprise, they should have turned over much more for national purposes.³ In his article entitled "On Cooperation," V.I. Lenin referred to state enterprises as "enterprises of a consistently socialist type,"⁴ and importance is attached to ensuring that cooperation specialists, while relying upon them "under the control of state authority, which belongs to the working class,"⁵ develop truly socialist principles in carrying out their work.

Thus the entire system of economic administrative methods under socialism appears as a system for state planned centralized administration, consolidated and subordinated to social requirements by political means.

Politics in the hands of the working class and its party, workers and the socialist state is a most important instrument for resolving the contradictions of socialism. Its role increases in connection with the fact that administrative practice itself is not free of contradictions. In it one finds self-seeking tendencies, bureaucratism, departmentalization and seniority, all of which tend to negate the socialist character of this system of management. A persistent campaign must constantly be waged against these phenomena and it should be directed against the negative aspects in the administrative system and not against the socialist system of administration. Instead of taking action against bureaucratism in administration, the socialist system of state planned administration is often declared to be bureaucratic—and then the justified dissatisfaction of workers caused by abuses by bureaucrats and self-seekers, similar to antipodes of socialist administration, is directed not against them but rather against the entire system.

The essence of bureaucratism consists of a lack of desire on the part of certain groups of workers to subordinate their interests to the interests of workers who the administrative system is intended to serve. Its economic nature lies in the fact that its chief concern in its activities is not the interests of society, the state or the people, but rather those interests associated with retaining its own position and those benefits associated with it, self-seeking interests.

In his work entitled "The State and Revolution," V.I. Lenin revealed that the very possibility of bureaucratism is associated with a division of labor for those who only administer and those who only play subordinate roles. The economic basis for bureaucratism lies in a division of labor and not in a form of national ownership. And in order to combat it, in addition to raising the overall cultural level and economic literacy, a need exists for overcoming the old division of labor inherited from socialism. As stated by V.I. Lenin, a need exists for a general, man-to-man participation in administration. This work must become a part of the practice of each

worker and it must be learned on a daily basis, taking advantage of those opportunities which open up in connection with growth in labor productivity and the possibility, on this basis, of reducing working time and raising the skills, professionalism and overall culture of a worker. According to V.I. Lenin's thinking, millions should be drawn into politics and only at that point where each worker feels himself to be not only the master at his plant but a representative of the country, will we be able to stamp our bureaucratism successfully.

In this regard, importance is attached to ensure that the strengthening of the independence of collectives is socialist in nature and directed towards normalizing the entire social atmosphere, especially in the area of economics, which cannot be separated apart in a given collective from the interests of the national economic complex. In the process, the system must accomplish that which is required for the people, the state and each worker. And this can be achieved by following Lenin's instructions in politics: achieve general and man-to-man participation in administration, at which time a monopoly in administrative labor will be eliminated and each administrative worker will sense and understand that at any moment, just as soon as he departs from the policy of carrying out public interests, he can be replaced by someone from among the dozens, hundreds and thousands of candidates who are available. And perhaps then it will no longer be necessary to change the economic leaders frequently or to endure labor collective organizers of questionable capability. Perhaps we will then be able to reduce the size of our administrative system and lower its costs more easily and more rapidly. At such a time, socialist self-government for the people will be manifested more completely. In order to convert over to this, millions must be attracted to the work of administering their own economy. And there where millions of people join in the activity, the politics will be a very meaningful and irreplaceable means, under the conditions of socialism, for enabling the party to exert an influence upon the economy.

Footnotes

1. M.S. Gorbachev. "Revolutsionnoy perestroyke—ideologiyu obnovleniya" [Revolutionary Restructuring—Ideology of Renovation]. Moscow, Politizdat, 1988, p 13.
2. Materials of the 27th Congress of the Communist Party of the Soviet Union. Moscow, Politizdat, 1986, p 141.
3. See SOTSIALISTICHESKAYA INDUSTRIYA, 1988, 3 April.
4. V.I. Lenin. Complete Works, Vol. 45, p 374.
5. Ibid.

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Theory of Ministerial Monopoly in Economic System Analyzed
18200282 Moscow SOTSIALISTICHESKAYA INDUSTRIYA in Russian 3, 4 Aug 88 p 2

[Article by I. Lavrovskiy, candidate of economic sciences: "Myths and Reefs"; first paragraph precedes headline]

[3 Aug 88, p 2]

[Text] "The conference delegates have resolutely supported further intensification of economic reform, for implementation of the cardinal social and economic tasks and improvement of the people's life are linked with this." (From M. S. Gorbachev's report at the July 1988 Plenum of the CPSU Central Committee).

Great Britain and Japan each have a dozen ministries today. Our 800 ministries and departments are an obvious abnormality against this modest background. The swollen machinery of management has become the talk of the town. It is alive and thriving, however. Moreover, like a poplar, it responds to each attempt to prune its top by branching out even more. So perhaps we need to cut the roots, not the top!

The roots of bureaucratic pathology are usually seen in the characteristics of centralized management: this is the "fee" for the lack of a market, with its mechanisms of self-regulation, they say. An entire myth has taken shape with respect to supercentralized management of our economy. Why a myth? Because unbiased economic analysis shows that our economy is being developed without control and spontaneously, and depends little on the center's managing influences.

The basis of management is the plan. All our five-year plans have been planned. But not one of them has been fulfilled. There are grounds for expecting that the current one will be upset as well. Is this a coincidence? No, for the Gosplan's credo is planning from what has been achieved, which is essentially a rejection of centralized planning. After all, planning means continuously setting new tasks and carrying them out, but not assuming that everything will roll along as it has in the past.

Is the center capable of planning? No, for working out just one balance, a financial one, let us say, for several hundred ministries is a hopeless task. But after all, the center allocates manpower and material and technical resources, finished products, and energy as well as money... How is this done? How is the problem of providing centralized management for this entire unwieldy mechanism being resolved? Indeed, it isn't! The "terrible secret" is that it is not being resolved at all!

Then why the myth about supercentralization? Apparently in order to corroborate another myth that has been

propagated in both popular and economic consciousness—that there is no market and business competition in the USSR.

The market is not a bazaar, but the economic system, built on exchange; it is a system of ties between producers and consumers. Any modern economic system—and the Soviet system is no exception here—stands on exchange and grows from exchange. For some reason it is believed that if someone else takes my place, it is as if there is no exchange at all (I am simply not taking part in the exchange, that's all). By its essential nature, mass production that is not oriented toward exchange is senseless. If a non-market economy has been maintained up to this day, we must look for it somewhere among primitive tribes in the Amazon jungle, not in our industrially developed country.

It is impossible to abolish the economic system and "close" the market by decrees. It is quite possible to impede the functioning of the market and corrupt the forms of market relationships. Direct participation by government organs—ministries—in market relationships as sellers and buyers has become a specific feature of the Soviet economic system. Just by taking this fact into account, we can tear away the camouflage from the "bureaucratic red tape" which we curse: behind all the tie-ins and coordinations which seem senseless to us, the detached observers, a process of numerous systematic bargains comes to light. The sides bargain "as in the market," for this is the only possible method of economic conduct under the conditions of market chaos (that is, incomplete information and some misinformation, when no one is aware of the complete and objective picture, unless it is God).

A bargain looks something like this: "We will give you a billion cubic meters of gas, and you give us in return a million tons of pipe and imported pipe layers... You give us three percent of your production volume, and we will give you additional electric power..." This form of bargaining stems from the distinctive nature of our market: instead of money and commodities, the indicators, limits and funds—the paper "receipts" for commodities—and resources circulate in the market.

A market in which a commodity is exchanged directly for a commodity, as in our Gosplan, is called a barter market. The only true useful function of the Gosplan—this all-purpose intermediary (broker) for all barter transactions and holder of the country's resources and capital at the same time—is brought to light here. For the Gosplan, planning is just the ideological clothing which disguises the appearance of acts of exchange that are quite common.

The classical literature has proved that a barter market is a lower form of exchange organization than a money market. A universal equivalent (the dollar, pound, or

ruble—hard cash) is the basis of the money market. In the absence of an equivalent of full value which can be exchanged for everything, a separate currency would be needed for each commodity. Let us assume that you make nails. It follows that you should express the value of any other commodity in nails—explicitly or implicitly. If you need rolls, but the bakery does not need nails, an exchange will not take place. In order to increase your purchasing power, you must not only produce but accumulate more and more nails. In a barter market, it is most profitable to "sit on a short supply," that is, to have a commodity needed by everyone or a great many people and to extort everything you need for it.

A barter market is revived, like a dismal throwback, during a period when the normal circulation of money has been disrupted—during wars and natural calamities. But for us, the barter market has been turned into the basic form of organizing the economy. Under such an economic system, scarcity is a condition for selling output. Hence, all persons taking part in economic life are interested in expanded reproduction, and scarcity becomes the norm in economic life.

The lack of real money opens the way toward arbitrariness in evaluating production results. There is no single measuring instrument—and enormous errors that were *objectively dictated* are *guaranteed* in the system of making decisions. The economy becomes excessively wasteful, and gigantic physical assets become useless. More and more new structures emerge in management units in order to minimize the losses. So there are more and more sellers and buyers, as well as those who monitor their conduct, in the market. Consequently, the effectiveness of management as a whole is reduced and the losses increase.

Thus our way of economic life is being objectively stimulated by expansion of the management machinery. The myth about overcoming competition is closely linked with the myth about the absence of a market. Today, at a time when the quality of goods and services has become critical, even appeals to revitalize it have begun to be heard. Indeed, state orders and the planning of scheduled figures which set the increase in production volume guarantee a market for the ministries, eliminate potential competitors, and ensure in advance, even before production is begun, that all expenditures are recovered. But look closely! We are seeing a classic example of monopolistic division of a market, precisely for the purpose of eliminating competition. And the state, instead of struggling against monopolism, legitimizes the monopolistic arrangement of economic organizations by its authority every five-year plan, providing them with a tranquil life and ensuring that consumers—both citizens and enterprises—have never-ending shortages and low product quality.

We simply do not have to speak about a centralized state policy under the conditions of an excessively monopolized barter market. The state itself turns out to be the

captive of the monopolies. Why does the state need the tons of rolled metal, cubic meters of gas, and kilowatt-hours of electric power? These tons, cubic meters and kilowatt-hours are needed by the producers, who receive positions, funds and resources in exchange for them. But then, the real state priorities—the people's standard of living and quality of life, the extent of economy in management, and scientific and technical progress—are found to be ownerless.

But business competition has not disappeared! Driven out of the production sphere, it is in a frenzy in the sphere of distribution and consumption. Lines and illegal deals—all these are attributes not only of the citizens' everyday life, but of the highest economic levels of the state as well.

In an economic system with developed commodity-money relationships, the competition is for money, and hence for consumer preference. It is common knowledge that our economic system is indifferent to its citizens' rubles. The competition is not for money, but for the right to dispense it. The industrial ministries compete among themselves for the favor of officials who allocate resources, not for consumers' goodwill. In other words, the mechanism for distribution in our economy does not operate "on money," but on resources. Whoever has grabbed more of them has more economic influence. And as a result we have a famous expenditure mechanism: on the one hand, everyone seeks to put as many of the resources as he wants into production. On the other hand, precisely because they are in short supply, the economic system does not have time to "digest" them, and they perish or are unused in reserves.

One thing cannot be taken away from the Soviet economic system—with all its paradoxes and shortcomings, it works. Nevertheless, how do we manage to obtain at least something from our closed economic organizations, which have been oriented toward an excessively monopolized barter market which they created?

We will discuss this in the next article.

[4 Aug 88, p 2]

[Text] Only party organs are in a position to reduce departmental selfishness. Control of shortage is also an instrument for their economic influence on departments' economic policy. But a shortage of a special kind—the shortage of positions. The so-called top officials [nomenklatura]. In exchange for an appointment or under the threat of dismissal from a post being held, they manage to bring about concessions to the interests of centralism. The departments, naturally, are not capable of providing centralism with management of the economy.

This, incidentally, is the main reason why party organs cannot succeed in freeing themselves in any way from the resolution of economic problems. Our way of economic life itself dictates the logic of their continuous intervention in the economy. Otherwise, the departments would have pulled the economic system apart for themselves long ago.

So our planned economy is actually a poorly regulated barter market, and the principle characters in it are the ministries and departments and the central organs in the role of sellers and buyers. The poor quality of goods and services and the never-ending shortages of everything are the direct consequences of monopolization of this market by a small number of economic organizations—the ministries. The monopolistic situation enables the producers to disregard the opinion of consumers.

The current radical economic reform attempts to change the state of affairs by seizing upon the enterprise as the basic unit. The Law on the State Enterprise appeals to it directly. It makes it responsible for pleasing the consumer first of all. It calls for economic competitiveness. It grants broad rights to conduct independent economic activity. But...the law has been left hanging in mid-air, and the rights not demanded locally are slowly being appropriated by all those same central departments.

And it is no coincidence that calls to break up the ministries, from the top, have begun to increase in number. After all, the law has proved to be incapable of overthrowing the economic dictatorship of the economic ministries.

But has the ill will of ministry employees really weakened the law? No, if laws slip through, we must look for more substantial reasons for that. And the first one is rooted in our conception of the enterprise—the myth that it is only a "juridical person," one which has an official seal and a current account in the Gosbank.

In the strictly economic sense of the word, an enterprise is an economic organization which buys and sells freely and plans its own development as well. With the best will in the world and the rights granted by the law, the overwhelming majority of juridical persons in the country do not meet these criteria. They will want to buy, but they won't sell to them. They will plan something for themselves and the state order will counterman everything. Only the ministries possess the real powers of the enterprise in our economic system. And they are the real enterprises. But as it turned out, this law was not written for them.

One of the key problems that proved to be too hard for the new law to cope with is competition in the production field. Ministries and individual enterprises are in different weight classes today, and the outcome of their competition has been predetermined. Especially as even today their government status enables ministries to turn

their internal rules into universal laws. It is simply incredible that certain persons, such as V. Kabandze, let us say, still manage to break through the reinforced cordon.

The only one that could compete with a ministry as an equal and for the greater good of consumers is another ministry. After all, any ministry can produce anything it wishes, in principle. Machine building ministries have provided themselves with casting and forging production facilities, and their own transport, communications, and construction industry. Extractive sectors have acquired their own machine building. There are more machine tools in any economic ministry than in any developed European country. They could compete with each other, but there is no inclination to do so. The market has been divided up reliably.

The experience of the economic reform's first years shows that political will for changes is not enough. Persons who are influential in the economic system must be interested in the reforms as well. The economic ministries have a great deal of influence. Economic incentive to change the status quo is not apparent.

So are those who call for abolition of ministries in general right? No, they are absolutely wrong.

First of all, it is doubtful that anyone can succeed in doing this without serious economic dislocation. The ministry is a concentration of economic links. If these are destroyed, new ones will not appear.

Secondly, it is much more sensible to make locomotives of economic restructuring out of the ministries than scapegoats for failures in the economy. This is not so complicated if we realize something that is quite obvious. Namely, that our economic ministries are primarily gigantic production complexes, analogous in many ways to diversified Western corporations. For the leaders of these complexes, government status is only a means to resolve economic problems by noneconomic, administrative measures and to pass off departmental problems as state problems. Government status also makes it possible for them to establish the most favorable conditions for themselves; the ministry covers all its losses and miscalculations through the state budget.

Being a state within a state, any industrial ministry lost economic contact with actual public requirements a long time ago. After all, they are completely independent of the consumer's purse—the state treasury is near at hand!

Being a monopolist, that is, master of the situation, any industrial ministry can manage to get a more convenient production plan for itself. For the state, a ministry's strategy and tactics have the force of law. The one who "sits on the shortage" calls the tune.

So ministries must be deprived of government status and taken from the state budget feeding trough. Only in this case will production turn its face to the consumer, for it will be motivated by the rubles in citizens' pockets.

The resolution of the 19th All-Union Party Conference "On the struggle against bureaucratism" states: "It is necessary to include the management machinery in the system of new economic ties and relationships..."

The shifting of the **current** ministries to self-support and self-financing will inevitably lead to **rapid improvements in quality** in the economic system. It will become impossible to retain unprofitable enterprises at government expense. And the ministries themselves, at their own initiative, will grant economic independence to a number of enterprises. They will divide themselves into smaller and more manageable production complexes. Inasmuch as they will have to take money into consideration, the role of money will increase in a way unimagined today. The Gosplan will then be able to discard the worn-out toga of directive planning and turn itself into a real stock exchange, which alone can practically ensure the efficient turnover of public capital.

Taking economic managers out of the cabinet of ministers will resolve one more key problem—competition in the production field. If the opportunity to divide the market by dictating prices and scheduled figures is taken away in the process. If the nonexistent separation of the economic system into isolated sectors is abolished, ministries will have to compete for the consumers' money with giants such as themselves, not with small competitors. They are capable of producing everything that they want. Such competition will not only benefit the consumers. Small independent production facilities will also be able to profit from the new balance of forces.

A "vacuum" is being created in the sphere of centralized planning which may be filled by a few new centralized management organs. The rudiments of them are already represented by a bureau under the Council of Ministers and certain state committees. They can be entrusted with competitive assignment of state orders and centralized state budget allocations. The status of state orders should then be precisely **orders of the state**—be they for kindergartens or stadiums, or cruisers or aircraft carriers.

After depriving the departments and ministries of government status, we will put an end to the irresistible tide of departmental norms.

The proposed reorganization—paradoxically—is in the interests of management professionals. After all, the very inflation of staffs in sectorial ministries is not only the result of bureaucratic abuses. The practical requirements of managing production processes under worsening conditions are behind this. Are the "bureaucrats" really at fault for disruptions in the economy? The bureaucratically organized system of managing the economy is at fault. It must be changed as well. Eighteen million

managers seem to be too many. But how many are needed? The estimates of Soviet and American economists are comparable in principle. But we have 1.5 million "enterprises," including public eating facilities, trade enterprises, and the like. There are 10 times as many in the United States. Let us assume there are two managers for each enterprise—and we will receive at least 30 million staff managers. Freeing our economic system of monopolistic fetters will create millions of new enterprises. There will be a shortage of managers.

* * *

In rebuilding the economy thus far, we have counted on the sector of small independent state enterprises, practically nonexistent in the USSR. But after all, even the KamAZ [Kama Motor Vehicle Plant] is not large enough, compared with the ministries.

At the same time, the ministerial conglomerates which have taken refuge in their government status are calmly gazing at the reefs in the channel of restructuring. They are not alarmed by them, and the ship will sail that far. They will always float to the top on the state budget.

We have been struggling against bureaucratism and shortages for more than a half century. And things aren't moving. So we must basically change the approaches and principles of organizing the economic system. But we must free ourselves from the captivity of myths for this. And finally, we must completely rehabilitate the Soviet market. We must enable it to come out from the underground of bureaucratic safes into the space where it can operate.

8936

Enterprise Directors Assess Perestroyka, Transition to Khozraschet

Samarkand Plant Director Interview

18200283 Tashkent PRAVDA VOSTOKA in Russian
23 Jul 88 p 1

[Interview with G.M. Pogosov, general manager of the Samarkand Sewing Association imeni 8 March, by PRAVDA VOSTOKA special correspondent V. Berezhovskiy: "A Manager's Concerns"; first two paragraphs are introductory]

[Text] On the eve of our meeting, G. M. Pogosov, general manager of the Samarkand Sewing Association imeni 8 March, had received a prominent American businessman. The two managers found that they had much in common.

But speaking about our economic manager, he is being overloaded with a great deal of work today among the dense layers of radical economic reform.

[Question] Gennadiy Mosesovich! You evidently knew about the difficulties in shifting to the new economic system beforehand. They have affected the association as well. With these "ups and downs," haven't you lost confidence in the reform?

[Answer] No, I am convinced that the time has come for changes in the economy. We could continue to work for some time in the old way, of course. But sooner or later there would be a severe crisis. As a matter of fact, the signs have already become apparent. Look at how customers are mobbing the clothing and shoe stores and how the black marketeers and speculators are still living in clover. No matter how much it "turns the pedals," light industry still cannot catch up with consumer demand. So a "foreign exchange" plague emerged when we attempted to cover up all our gaps with a vast quantity of imports. I am not against purchases of commodities and raw material abroad, of course. But we were already beginning to lose a sense of proportion and weren't looking to the future; how will this end?

It is common knowledge that we are the country's largest supplier of athletic jackets. Over the past 10 years we have tripled gross output and reached an annual program amounting to 147 million rubles. But as usual, there are not enough jackets; the market "swallows" practically everything and will not be glutted by any means.

We have a complete monopoly and no competitors; one would think that we would have no problems. However, they have taken us in hand. And the first one, which hurts the most, is supply.

The exacting new model of economic operation, without "margin for error," has ruthlessly exposed all our disorder, approximation, incompetence, and conservatism that has accumulated for years. The disease of wasteful economy that has festered inside is coming into the open.

Here is an example. In the 1960's, the "bolonya" [light nylon raincoat] came into vogue unexpectedly. We rushed to line up five large combines to turn them out. The style passed as expected, but the enterprises remained. Nowadays the "plashchevka" [waterproof coat] is in demand. And there was a shortage right away. It is the same with artificial fur and modern accessories, incidentally. Our sluggishness, combined with volitional and often superficial decisions, has turned into huge financial losses, empty shop counters, and dissatisfaction for the customer, who looks for the imported goods as before.

A vivid example of the "strains" in our supply is the "epic" with the Leninabad Silk Fabrics Combine. They had assigned it to deliver linings for jackets. Although it did not have an assortment of this product. All last year the supplier had our production by the throat. The matter went to the union people's control committee and to an arbitration court. Finally, in the fourth quarter we

just managed to receive the first output from Leninabad, and we started up the assembly line which had threatened to stop. There were many breakdowns, and today they are upsetting the routine and forcing us to operate at a "ragged" pace.

Nevertheless, a new procedure is making its way. We have had good relations for a long time with the Balashevskiy Waterproof Fabrics Combine, for example. There was nothing to conceal, and we often met each other halfway and overlooked the shortcomings before. This has been ruled out today. Friends are friends, but we have brought forward nearly 700,000 penalties against our old partner for late delivery and defective output. They are giving us no quarter either, however. Especially the trade, which is taking the initiative into its own hands and beginning to dictate its rights to the producer.

[Question] This is not the first year you have operated under full cost accounting. The Law on the State Enterprise has come into force. Is independence a heavy burden?

[Answer] Frankly, we do not feel it especially at present. Relationships with "the leadership" are taking shape with difficulty. Let us take the organization of the plan. In concept it should be discussed and justified in the collective. This does not happen. As before, the ministry sends it down in finished form. Moreover, so-called supplementary targets are being imposed. The market needs commodities, of course, but they must learn to take the collective's opinion and the enterprise's actual capabilities into account.

The time has come for modernization. We have been struggling for 10 years to erect a new building, but nothing has happened. Neither the local authorities nor the ministry hear us. The problem of producing linings in the republic is not being resolved at all, although the resources are available. And norms? They are actually keeping us on a short leash under the guise of innovations. We are transferring 60 percent of the profits to the state budget and another 28 percent to support the ministry, and we ourselves are left with little more than 2 million rubles. This money is barely enough for social, cultural and everyday needs, to maintain the kindergartens, and for minimal construction. Just how are we to develop production and achieve a new level of quality then?

Or another detail: one-seventh of our program for next year has not been provided with resources. How can we speak about contracts, periods of time, and the range of goods?

There is still a considerable amount of formalism, duplication, and lack of coordination in the ministry's activity which ricochets against production. Last year we concluded a contract with the trade for leather jackets made of Japanese silokort and polyurethane. However, at the last

moment purchases of the raw material were canceled. The appropriate telegram came from Moscow and...it had quietly spent several months in some ministry bureaucrat's desk. What was to be done? The trade demands that the contract be followed and threatens us with fines which, by all accounts, are inevitable, production is in a "trance," and once again the customer will not receive what he has waited for. This, it appears, is how little is needed in order to put spokes in the reform's wheels, in order to torpedo a good idea!

How do I interpret independence? The main thing is the right to make a decision. I believe that an enterprise should have a certain amount of strength in dealing with business. Why shouldn't we ourselves find a consumer for one-tenth of all output? They often disregard our opinion when they thrust suppliers on us whom we do not know and take, and we suffer later. There are also constant conflicts about "unnecessary" workers and employees, as if I myself did not know how many people I need in production. We are also tired of all kinds of inspection commissions. The last time, I recall, a comrade from Moscow who spent a day at the enterprise reprimanded us in all seriousness for the poor quality of the output. When will this end?

[Question] In principle, these are all your problems. But if one looks at how prices for jackets have jumped, he automatically comes to the conclusion that the customer is paying for your problems.

[Answer] Prices are a really ticklish problem. And I am worried because they have been rising lately. And rising too quickly. Previously our jacket was bought for the season when it cost 40 to 50 rubles. But they still take care of an item costing 80 to 90 rubles, and wear it for 2 or 3 years, as a rule. And where requirements are higher, it should not give way to an imported article. Such jackets and expensive coats are being bought at present. But the first bell has already rung for us. Some of our jackets have been sold as nonliquid assets and unmarketable, which did not happen before.

Where does the high price come from? Often it is dictated by the suppliers. It seems that some of them are frankly misusing the contract prices and following the line of least resistance in order to arrange their affairs under cost accounting conditions. Although each one certainly has a large number of unused reserves.

I repeat, the market, which has not been provided with a mass of commodities at present, enables us to impose our products on the consumer. But this cannot continue forever, and the people's purchasing power also has its limits. Many persons are now speaking about the need for competition and competitiveness. But I think that control over prices should be stricter at present so that the interests of both producer and consumer do not suffer.

I read an article by O. Bunich in *IZVESTIYA* one day. He asks: should we move the reform forward decisively today without waiting for structural changes in the economic system, or wait for the next five-year plan, when a great deal will fall into place? Personally, I am for the first alternative. Although it is the most complicated, of course.

Enterprise Directors' Poll

18200283 Moscow *IZVESTIYA* in Russian
10 Aug 88 p 2

[Article by Yu. Zhlobov, candidate of economic sciences and lecturer, and Professor V. Mushinskiy, doctor of juridical sciences: "What Worries a Manager in the Course of the Economic Reform"]

[Text] With all the difficulties in shifting from one system of economic operation to another, a great deal is revealed by the conservative, outdated thinking of some of our economic managers and entire collectives. Instructors at the Saratov Economics Institute have been attempting to shed some light on the economic and political thinking of enterprise managers by conducting a small sociological survey, in which 67 industrial enterprise and construction organization managers in the oblast took part.

With the aid of a written questionnaire, we made an attempt to "photograph" the managers' attitude toward the prospects of self-financing and self-management. How are these prospects perceived? To what extent are enterprises prepared for the shift to self-financing? Some 73 percent believe that their enterprises are not fully prepared, and 23 percent feel that their enterprises are not prepared at all to operate under the new conditions. And only 4 percent said that they are fully prepared.

And what are the main difficulties for an enterprise in restructuring, in the managers' view? Of the managers of organizations that have already shifted to self-financing, 70 percent indicated that an unsatisfactory material and technical base is the biggest problem. Only nine of the 37 managers whose enterprises are still operating in the old way thought this was the primary problem. This difference is explained by the fact that basically those enterprises in Saratov with the most worn-out equipment (light industry, for example) have been shifted to self-financing this year.

Material and technical supply was named as the problem second in importance. Out of the group of "the 30," 21 managers ranked it as the problem first or second in importance. Of the remaining 37 managers, only 12 cited it as one of the main problems. Obviously, the transition to self-financing increased the sharp divergence between cost accounting and funded supply with the usual unreliability of its suppliers.

For this reason, there is nothing surprising about the fact that only three of the 67 managers complained about planning flaws. In other words, the system of state orders that has been severely criticized everywhere did not evoke particular protest among the managers. Evidently, the state order has "made life easier" for the managers all the same—it has given them the hope of shifting the responsibility for material and technical supply to the ministry; indeed, it has not prompted the production manager to become involved in unaccustomed and unfamiliar commercial activity, either.

What do the managers see as the prospects for the enterprises' economic situation over the next 5 years? Of those polled, 46 percent believe the situation will change for the better, 25 percent anticipate serious complications, 12 percent do not expect any changes, and 17 percent find difficulty in replying. At the same time, about half of the pessimists and those who hesitated are managers from the group that has already been "baptized" with self-financing.

Although the mood was even more negative in the other group: only 15 of the 37 expect changes for the better from the coming transition to self-financing. The uncertainty of managers resulting from the collapse of the customary and apparently unshakable order of things is revealed here. Everything has been destabilized. The old system of economic values is falling to the ground and the new one has not yet been established. Everything is in motion.

The second subject of the questionnaire was on the managers' attitude toward self-management. One piece of information, first of all: more than half of the managers polled believe that election of a supervisor by the collective is unsuitable. Unfortunately, the realities of today are such that it is much more important for a manager to have the confidence of "those at the top" and to have good, informal relations with them than with their own collective. It is more advantageous for him to be assigned from the top; then "the leadership" will support him as their own. This is a feature of business. But there is also another, more profound reason: the lack of understanding that self-financing is directly dependent on self-management. This is why only 23 percent of the managers replied to the question of whether there is a possibility that the labor collective council (STK) will become an organ of practicable self-management by saying that it will be feasible soon; the others feel that this will be possible in the distant future or regard it as unthinkable in general.

The poll revealed a strong technocratic attitude among the enterprise managers. One-third of them believe that collectives are not mature enough for self-management. The typical logic of authoritarianism. Although 41 percent of the managers are not against self-management, they are convinced that they can create all the conditions for it themselves. The others feel that "self-management is unnecessary with a good manager." And we can

understand them. For while the rights of an enterprise are largely on paper and the manager depends on the ministry and local party organs, all this self-management is really of no use to the manager. For this reason, it is not surprising that the poll revealed that there are still no labor collective councils at nine of the enterprises and that most of the managers believe that the STK's create additional problems in their management work or assume that the STK's will not affect their work.

But let us not exaggerate the managers' negative attitude toward self-management; 57 percent of them are confident that the labor collective councils will help them in the work. But how? Only by taking part in the solution of social problems, by supporting the solutions already adopted by someone else, and by carrying out auxiliary organizational functions, it turns out.

Asked to state the most difficult problem interfering with the labor collective councils' work, 45 percent of the managers answered: their incompetence in management questions and their unresponsiveness. They are right. This is the very "Achilles' heel" of self-management. As far as managerial competence is concerned, even if we assume that STK members have none at all, the competence of professional managers is more likely to be expressed by a negative magnitude, inasmuch as all their managerial professionalism has been cultivated and nurtured by the command and administrative system. So economic cultivation must be learned by everyone.

Attitude Toward Leadership

18200283 Moscow *EKONOMICHESKAYA GAZETA* in Russian No 31, Jul 88 p 9

[Article by Boris Sergeyevich Pavlov, director of sociological polls at the Center for the Study and Formation of Workers' Public Opinion, chief of a department of the Economics Institute of the Urals Branch of the USSR Academy of Sciences, and doctor of philosophical sciences, under the "Implementing the Decisions of the 19th All-Union Party Conference" rubric: "The Manager and Restructuring"; first paragraph is editorial introduction]

[Text] The Center for the Study and Formation of Workers' Public Opinion, attached to the Sverdlovsk Oblkom of the CPSU, has been in operation for 3 years. Several dozen sociological polls have already been conducted. Boris Sergeyevich Pavlov, director of sociological polls for the center, chief of a department of the Economics Institute of the Urals Branch of the USSR Academy of Sciences, and doctor of philosophical sciences, acquaints the newspaper's readers with one of these surveys.

What Is Interfering With Restructuring in Production?

We asked the chiefs of shops (or their deputies), as well as workers, to express their opinion on this. More than 1,300 production facility managers and about 5,000

workers from nine regions of the country filled out our questionnaires. Under a comparable program, the poll was conducted at the same time in Moscow and Leningrad; the Latvian, Georgian and Uzbek SSR's; and the Kharkov, Minsk and Novosibirsk Oblasts in addition to Sverdlovsk Oblast. Replies to the question of what is interfering with restructuring in production were as follows (in percentages of the total number polled in each group):

| | Workers | Shop Chiefs |
|--|---------|-------------|
| Irregular material and technical supply (deliveries) | 60 | 61 |
| Obsolete equipment and technology | 59 | 50 |
| Lack of economic incentive: | | |
| —for workers | 38 | 28 |
| —for production supervisors | 18 | 33 |
| Inadequate skills: | | |
| —of workers | 14 | 18 |
| —of production supervisors | 17 | 19 |
| Low level of work discipline | 22 | 21 |

It is not hard to see in the public opinion that has taken shape in labor collectives that the material and technical side of production is primarily "at fault" for impeding the course of restructuring: the equipment which is "not given," the deliveries which are "delayed," and the technology which is "not being developed" are "to blame." That is, causes which lie somewhere outside the limits of their labor collective are cited.

Those polled are much more indulgent toward their own shortcomings and impediments which operate within labor collectives and whose elimination depends on them themselves—in the organization of labor and the level of skills. However, let us not be in a hurry to accuse them of a "lack of self-criticism." This position is to a large extent a reflection of the problems which have accumulated in the organization of production, internal economic planning, and in the wage system. So it is not enough to provide people with an objective. Through knowledge and conviction, we must seek to bring about action and a result and to help in finding the correct reference points in their activity.

In one of the polls conducted in Sverdlovsk Oblast, the question was asked: "How will implementation of the basic provisions of the new economic mechanism in your enterprise's collective affect the work you personally perform (the amount, range of responsibilities, workload, and so forth)?"

"We think that we will have to work a great deal more and more intensively than at present," 77 percent of the brigade leaders, 72 percent of the enterprise party committee secretaries, 58 percent of the enterprise managers, and 51 percent of the workers polled responded. In a

word, the majority realize that restructuring is linked with an increase in their personal contribution and intensification of labor activity.

And another question in the questionnaire: "When, in your opinion, can we expect tangible results from restructuring in your collective's work in light of the requirements of the June 1987 Plenum of the CPSU Central Committee?". The workers' responses: 5 percent said in 1988, 24 percent said in the current five-year plan, and 15 percent said in the next five-year plan; 23 percent of the workers thought about prospects over a longer period, and 33 percent found difficulty in replying. The opinions of brigade leaders and foremen were distributed in approximately the same way, with minor deviations.

What do all these data tell us? They attest to the psychological mood of the people and to the atmosphere of complacency, the peculiar passive anticipation of changes, the inertia of old approaches, and only the hesitant shoots of new thinking that have developed in many places.

There is a broad field of activity here for party organizations, which have been called upon to reinforce individual work with people and to explain the substance of the reforms being carried out. It is felt that collectives underestimate the role of economic studies as one of the most important ways to provide economic education for the people, develop their initiative and a proprietary attitude toward their work, and increase the level of skill. Activation of the human factor presupposes that new forms of work will be activated and used with different worker categories as well.

The Chief: Elected or Appointed?

The election of a manager is one of those elements in the democratization of our life that has been called upon to produce a tangible result not only in improving the social and psychological atmosphere in collectives, but in yielding a substantial return in economic activity as well.

Let us look at how the concept of electing managers (chiefs) is regarded in labor collectives. Let us make a reservation right away. The election of a manager is an abstract concept in general. It is made more specific when we refer to the election of a brigade leader, a foreman, a shop chief, and finally, a plant manager. The overwhelming majority of those polled vote in favor of it. However, this opinion is far from unequivocal when it relates to whom and to what extent it is advisable to extend the election process. For example, enterprise managers vote relatively "enthusiastically" for the election of brigade leaders and foremen (about 90 to 95 percent) and "unenthusiastically" for election of the enterprise manager himself, his deputy, the chief specialists, and shop chiefs. But this is how workers regard the election of managers of enterprises and production subunits (in percentages of the total number polled):

—9 percent support it completely, regardless of how the elections are organized;

- 70 percent support it if there is a chance to elect a deserving manager;
- 10 percent feel that elections of managers do nothing to improve management of the collective; and
- 11 percent found difficulty in replying.

The overwhelming majority vote for elections, as we see. But those who question the advisability of conducting them cannot be disregarded. There may be various grounds for such a position, especially if specific situations in collectives are taken into account. This may involve both a "lack" of deserving managers and a "lack" of social maturity among the people, and the inability to collectively "separate the wheat from the chaff."

We cannot particularly boast today about the availability of an efficient, thoroughly and scientifically considered set of methods and procedures for electing managers of various ranks. There are frequent occasions when this important action is carried out clumsily, which not only compromises the very concept of electing managers, but quite often offends the dignity of the aspirants as well.

In this connection, we recall what took place at one of the plants in Siberia. In preparing for the election, its organizers made a clumsy attempt to publicly test possible future nominees for the position of manager. This led to false rumors, hearsay, and unhealthy clamor. A candidate that had "surfaced by accident" slipped by in the overall voting. The next day it was announced that not only three of the candidates who had not been elected, but a number of the major shop chiefs as well, had been dismissed...

Let us cite some of the opinions of the enterprise managers and shop chiefs that we polled on the possible harmful consequences of electing managers: violation of the principle of undivided authority; loss of continuity; lowering of the manager's confidence; the election of a "convenient" chief; liberalism toward subordinates; squaring of accounts with those who were openly "against"; the emergence of cliquishness; complications with the advancement of a promising young specialist; "personnel reshuffling" in management; and indifference by the next elected manager to prospects for the enterprise's development.

This is cause for reflection by party committees and everyone who takes part in organizing such elections. Such a responsible step can be decided upon only after careful analysis of the moral and psychological atmosphere in a collective and study of the businesslike and

ethical qualities of the candidates. Elections are not a fad, but an effective method of increasing the work efficiency of an entire collective. Haste can lead to the opposite result and irretrievable moral losses.

The Supervisor-Educator

The party committee secretaries at industrial enterprises in one of the rayons of Sverdlovsk were asked the question: "To what extent are the economic supervisors of your enterprise or institution taking part in educational work in the labor collective?" They were asked to assess the activity of three categories of supervisors: managers, chief specialists, and shop chiefs. "They take part in a concerned and effective manner and contribute a great deal of time and effort" was the assessment of managers given by 68 percent of those polled; 40 percent gave this assessment of chief specialists, and shop chiefs received this evaluation from 45 percent of those polled. The opinions of the others were divided between the wordings "they take part basically formally" and "they practically never take part."

And what are the results of this activity? "Are there persons at your enterprise whom you would want to be like in your actions, attitude toward work and life, and so forth?"—this was the way a question was worded in the questionnaire filled out by 6,900 workers, kolkhoz workers, and employees. In other words, the researchers were trying to determine if they had an example worthy of imitation. Some 29 percent of those polled replied that they had not found such persons in their collective yet. The chiefs of shops, shifts, and sections were the examples for imitation cited by 20 percent of the workers and employees they supervise; trade union activists were given as examples by 8 percent and Komsomol activists were named by 5 percent as their examples. No comment is needed, as they say.

The resolution of the 19th All-Union Party Conference "On the struggle against bureaucratism" speaks of the need to protect and reinforce the supervisor's authority in every way possible, to rely on persons with initiative who are creative and implacable toward sluggishness and stagnation, and who have demonstrated in practice their ability to use democratic methods. The presence of such qualities is corroborated not by a description in the "personnel file," but by the opinion of those persons with whom the supervisor works. This is why it is particularly important to study and be aware of such opinion. It will help one to assess his own actions and deeds self-critically, to make corrections in economic activity in a timely manner, and to draw the correct conclusions from criticism.

AGRO-ECONOMICS, POLICY, ORGANIZATION

Bureaucratic Obstacles Hinder Introduction of Lease Contract System

18240107 Moscow *PRAVDA* in Russian 14 Jul 88 p 1

[Article by V. Somov: "Don't Be Timid, Lessee!"]

[Text] The USSR State Committee for Statistics reports:

Farms in 12 Union republics have embarked on grain harvesting. Tens of thousands of harvesting machines operate on fields. Many elevators and receiving centers have changed over to a 24-hour work schedule.

The harvesting campaign on fodder land continues. By 11 July grass was harvested from 41.9 million hectares. Kolkhozes and sovkhozes stored 33.6 million tons of hay, 40.8 million tons of haylage, and 7.1 million tons of silage. Collectives of contract, lease, and family subdivisions aspiring for a high final result operate in the most organized manner.

It seems that grain growers do not have to get used to the surprises of the "heavenly office." Moreover, now it is not very acceptable to try to put the blame on the weather. But there is a misfortune: In some places heavy showers of tropical strength come down on crops, or barely surviving blades of grass burn under the merciless sun. Here and there harvesting work turns into rescue work. For example, in Kuban sizable areas of wheat are under water. The drought in the Volga area and Siberia has done considerable damage to the harvest. City dwellers are rushing to the rescue of rural workers. It is easier to overcome the consequences of the element together.

Nevertheless, hay mowing rates are inferior to last year's harvesting schedule. Additional measures are needed in order to accelerate the pace of work. There is no need to urge or drive on those who have leased land and mastered the contract. Lessees, who have voluntarily assumed the burden of responsibility for the harvest, give all they have got. Who knows what the damage from weather misfortunes would have been if land did not have true masters in the person of contract collectives.

However, we will not be carried away by the successful and impressive figures of "inclusion" in the contract. In reports often everything is in perfect order—almost all arable land is under the guardianship of unregulated brigades and links. However, visitors to food stores, glancing at the meager counters without enthusiasm, more and more often ask the following question: Where is the increase in output, which contract and lease collectives are called upon to ensure?

Formalism and complacency inherited from the time of stagnation have controlled the fate of changes on other kolkhozes and sovkhozes until now. For example, in Tajikistan most farms are on cost accounting. Almost all

peasants have been transferred to the contract. And the result? In the last 2 years labor productivity has risen by only 2 percent. Every sixth farm is unprofitable. Production costs are growing.

Local farms approach the lease contract timidly. Basically, contracts are concluded with individual workers, who take small plots. For some reason cotton fields, vegetable plantations, orchards, and vineyards are not yet leased. Are there no people who want them? It appears that many kolkhozes and sovkhozes have not even asked themselves this question.

Lease relations are impossible under the conditions of the command-administrative system. Without full economic independence the lessee will not be able to establish himself on land. At the same time, managers and specialists do not want to lose their power. But by no means can everyone see himself in another role, for example, of the head of a contract subdivision. However, as noted at the all-Union party conference, life persistently demands serious changes in production relations in rural areas.

It is felt that by no means everyone wants these changes. For example, how to explain differently the fact that on farms in Gorkiy Oblast the lease contract is hardly applied? It turns out that formal "paper" cost accounting, which is considered mastered on the oblast's kolkhozes and sovkhozes, suits local managers fine.

Meanwhile, as a rule, limits of expenditures are not presented to brigades and links and there is no accounting of the expenditure of resources. In other words, even the simplest cost-accounting elements are ignored. Thrift is hardly encouraged. Throughout the oblast's farms last year payments for savings comprised only 0.3 percent of the payments for labor.

One can only be surprised by the logic of other too zealous administrators. Having seen that a substantial additional payment is prescribed for the contract or family link, they seek any ways to deprive people of legally earned money. For example, the following incident happened on the Dagestan Kommunizm Kolkhoz.

Five years ago K. Chergesov's brigade concluded a contract for rice growing. It coped successfully with it, incidentally, becoming one of the winners in the republic competition. However, when it came to the final settlement, rice growers were turned down. The additional payment, including in kind, seemed to some of the authorities excessive. The brigade turned to the court, at first to the rayon and then to the republic court. One instance considered the action justified and the other turned rice growers down. The RSFSR Supreme Court also interfered in the case.

The almost 5-year court marathon ended virtually without results for the brigade. According to the jurists' assertion, the contract was concluded with deviations

from the statute on wages adopted on the kolkhoz. For some reason the burden of the responsibility for this was placed on machine operators, not on kolkhoz managers, who were called upon to strictly follow the legality of contracts. Is it fair to make rice growers pay for the mistake? Let the true culprits bear the financial responsibility for it. But they are aloof from it.

The new method still has many obstacles. The more rapidly we remove them from the way, the more confidence the farmer will gain and the more successful the situation will be on the summer field.

11439

Alma-Ata Oblast Seminar Targets Reform, Production Results
18240110 Moscow *EKONOMICHESKAYA GAZETA* in Russian No 28, Jul 88 p 19

[Article by EKONOMICHESKAYA GAZETA special correspondents Ye. Kozlov and N. Tarasenko, Alma-Ata Oblast: "To the Farm, On the Basis of Competition"]

[Text] A. Boyko, director of the Sovkhoz imeni P.F. Tomarovskiy in Alma-Ata Oblast, has plenty of his own problems, and they put on his shoulders one more burden: to teach management skills to the republic's agricultural personnel. And that takes lots of time. Kazakhstan has 19 oblasts, and specialists come to the sovkhoz from two or three oblasts at a time, according to a schedule set by the republic's Gosagroprom. At the seminars he talks in detail about the technology of raising dairy cattle and fodder production; heated debates are conducted on economic accountability (khozraschet) and the lease contract. Then the guests visit the fields, the fodder production line and the farms to learn about the progressive experience acquired here.

Today the sovkhoz's success in dairy farming are especially obvious. Last year 10,876 tons of milk were sold to the state, which was 23 percent more than stipulated by the plan. And this was achieved through high productivity of the herd. Every fodder cow, if the fat content of the milk is taken into account, produced 5,300 kilograms. The basis of these achievements was created not today and not even yesterday. It was established as long ago as the 60's. It was then that P.F. Tomarovskiy, A. Boyko's predecessor as sovkhoz director, and those who agreed with his ideas engaged in the inter-breed crossing of animals. The scientists at the Kazakh Animal Husbandry Institute were unanimously opposed. Their argument was as follows: we will not let you kill off, they said, the Alatau breed, which is so well suited to the republic. But it did not suit the sovkhoz specialists because experience showed although the Alatau breed, which comprises most of the herd in Kazakhstan and Kirgiziya, has many positive qualities, its per-cow yields reach on average a maximum of 4,000 kilograms. And the fat content of the milk is below 4 percent.

If one does not set high goals, these indicators may satisfy many people. But P.F. Tomarovskiy and his sympathizers did set a high goal and bravely defended their path to its achievement. The work, slowed up by the scientists with diplomas, continued for many years. Director A. Boyko, who took over the sovkhoz in 1973, did not abandon the work started by his predecessor; he continued it. And he had to withstand more than one onslaught by officials from science. But now a hybrid of cows with the advantageous features of the Ayrshire breed has emerged. And its has become the basis for those high indicators which the sovkhoz has achieved. And the successes have been multiplied by the introduction of khozraschet and the lease contract.

Khozraschet was started here a long time ago. The chief economist of the sovkhoz, A. Avchikhanova, says that as many as 20 years ago the labor payment for all categories of workers in animal husbandry was made dependent on end results. At the same time they worked out wage rates per 1,000 rubles of output which applied to brigade leaders, their assistants, electricians, fitters and other specialists who service the farms. Not to mention the milkmaids, who are paid per quintal of milk. And beginning this year the production divisions of the sovkhoz were put on a lease contract. Equipment, buildings and other facilities were transferred to all of them for use. How are they being paid for? The amortization deductions of the subdivision are added to its expenses. The agreement for a lease contract was made for one year, but it will be extended for a longer period, depending on the work results.

It would seem that there is no particular need for a lease contract: the results are good and it will add problems. But the chief economist explained that this new form of labor organization makes it possible to bring into play a mass of reserves, including, for example, a reduction in the production costs of output.

"At present," says A. Avchikhanova, "our production costs for a quintal of milk are 25 rubles, and the sale price is 36 rubles. Not bad. But here is an analysis: the farms' direct costs vary from 21 to 23 rubles. At the end of the year we pay out bonuses for savings of direct costs. This deferment has somewhat weakened the struggle for savings. Another matter with regard to the lease contract. We made the starting conditions of work equal for all three farms and established a uniform accounting price of 22 rubles for a quintal of milk. The sovkhoz also uses this price when accounts are settled with the farms for the milk which they have delivered. Lower the costs and immediately you get "real" money."

The search for reserves began immediately. With the introduction of the lease contract a reduction in the number of workers took place in many sectors. In the fodder unit three people out of 19 were made redundant. On the dairy farms three to four people were cut from every brigade. The collectives are getting rid of extra

equipment. On the second farm, for example, they rejected a bus which they had been assigned. They use equipment here as they need it, and they settle their account with checks.

In the kholzraschet system the struggle for output quality is given a central place. For example, the farm workers receive 3 percent of the production costs for the delivery of milk in the top-quality category. They distribute the amount earned in accordance with an established labor participation coefficient. For example, the coefficient is equal to one unit for a milkmaid, and for a farmyard worker it is 0.7. In this way all the farm workers are interested in improving the quality of the milk. The bonus is given once a quarter. And it amounts to a tidy additional payment—up to 150 rubles for a milkmaid.

This kind of interest provides good results. At present 99 percent of the milk sold by the sovkhoz is in the top-quality category. In a year this will give the farm more than 300,000 rubles in additional payments. The stockmen who raise the animals are also being encouraged to increase the fat content of the milk. The basic fat content is 3.7 percent. Bonuses are paid only for achieving 4 percent; this is forcing the stockmen to search for ways to improve this indicator. At present the fat content on the farms amounts to 4.13-4.20 percent. Last year the sovkhoz received an additional 395,000 rubles as a result of the increased fat content. This figure will increase in the current year.

High-intensity animal husbandry is unthinkable without a good fodder base. And this the sovkhoz has created. The fodder is obtained in large quantities here. For example, last year we had 5,728 tons of alfalfa hay instead of the planned 4,600 tons. This amounted to a yield of 107 quintals per hectare in comparison with the planned 85 quintals. The amount of chicken silage obtained was 2.4 tons above the target. We are well supplied with root crops.

Fodder production is also based on kholzraschet principles. The qualitative as well as the quantitative side is being encouraged, as are reductions in production costs. With this year's transition to a lease contract substantial changes were introduced into the kholzraschet relations. Previously, for example, the fodder workers directed most of their attention to quantity, and the animal raisers frequently accepted this situation. This year the plan-accounting prices for hay, haylage and silage were established on a differential basis depending on their quality. The price for the top-grade is 2.5-fold higher than for the ungraded. This means that it is simply unprofitable for the plant growers to produce low-quality fodder. And the animal raisers are satisfied: it is no sin to pay well for good fodder.

As part of its work to improve the fodder production system, the sovkhoz has established a fodder production unit with waste-free technology. It has also been put on a lease contract. Brigade leader G. Krasovskiy talked in

detail about the work to enrich fodder mixtures with various additives. As a result their quality is improving, and consequently the earnings of this unit are growing. At the same time the collective is looking for ways to reduce costs. Every opportunity is being utilized here: expenditures for minor repairs are being reduced and a thrifty attitude to fuel and oil products is being encouraged.

With regard to the establishment of the fodder base it is difficult to overestimate one other important direction in the work of the sovkhoz. In 1969 A. Boyko, who was then still an agronomist at the sovkhoz, started to grow soy beans. Working with the Kazakh Institute of Agriculture he began extensive scientific work on the breeding of this crop. In this way new high-yield varieties were created, which are capable of yielding up to 40 quintals per hectare. They are now sown in the fields of practically the entire growing area of south-eastern Kazakhstan. Last year the sovkhoz received 270,000 rubles in income from the sale of soy beans.

But today even this does not satisfy the farm. "Foreign experience shows," says A. Boyko, "that soy beans should be utilized to feed cattle, after the oil, which fully justifies all the costs for the production of this crop, has first been removed. The remaining oil cake goes for combined fodder. In the near future we will begin construction of a plant to process soy beans."

Last year the Sovkhoz imeni P.F. Tomarovskiy received 2,200 rubles in profits; the rate of profit was 26 percent and it was 59 percent for dairy farming. The sovkhoz is now actively preparing for the transition to self-financing, and for this reason it is planning to increase profits to over 3 million rubles. Where is this money to come from? The collective is looking for reserves to supplement the sovkhoz treasury. On the sovkhoz everyone know that money which has been earned goes not only to expand production but also to develop the social sphere.

The sovkhoz has 120 people on the waiting list for housing. This year one 40-apartment building and 12 two-apartment structures will be built. A large shopping center has been opened in the town, and a swimming pool is under construction. Concern for human needs is the top priority here. And for this reason we were not surprised when we found out that the Sovkhoz imeni P.F. Tomarovskiy is hiring specialists for the farm—on the basis of competition!

8543

Acceleration of Reform Implementation Addressed
18240101 Moscow SELSKAYA ZHIZN in Russian
6 Jul 88 p 1

[Unattributed article: "The Decisions of the Conference Are a Powerful Accelerator"]

[Text] The reports and speeches of the delegates are no longer heard in the Palace of Congresses, the intense four days of discussion are finished and the necessary resolutions have been adopted. The 19th All-Union Party

Conference, which we all awaited so eagerly, is behind us. In our minds and hearts, however, and what is most important—in our whole lives—it will remain as an event of historical significance and scale. The conference captivated us with its revolutionary passion and novelty, its openness and lofty responsibility for the fate of society, its critical attitude and constructive, creative spirit. And today we can say with good reason that the party conference signifies a new decisive breakthrough on the path of perestroika and renewal.

Probably for the first time on such a scale we felt the results of the course for democratization. It was a great and long-awaited forum for glasnost. This in itself gave the conference a special significance. The main thing, of course was the substantive side of the matter, the political program that was worked out at the conference and will determine from now on the deep essence of the work of the party and of our whole people.

Summing up our work and defining the pressing measures for the practical implementation of the big decisions that were made, which were directed towards the deepening of perestroika, reforming the political system and democratizing the party and society further, the conference noted that these decisions have great historical significance for the fate of the country. They are an integral part of perestroika and at the same time its mighty accelerator; they open up the possibility for society to go along the path of revolutionary renewal and to strengthen the role of the party as a political vanguard.

The question of the role of the party in the life of society was in the center of attention at the conference, as it was during the party-wide national discussion of the theses of the CPSU Central Committee. On this score the conference gave an unambiguous answer. Yes, our Communist Party was, is and will remain the leading force of society. Today it has available for carrying out this role the well-grounded program of action that was worked out by the 27th Congress of the CPSU and was enriched by the already existing experience of perestroika. At the same time the emphasis at the conference was on the fact that the recognition by the people of the leading position of the party in society is not some kind of privilege that is given to it once and for all. The very essence of the perestroika begun at the initiative of the party, the consistent democratization of society, implementation of radical economic reform and the deep changes in political structure outlined by the conference create a fundamentally new situation. "The leading role of the party in the new conditions," noted M. S. Gorbachev in his speech at the closing of the conference, "will be determined completely by the real authority that it will have to demonstrate anew every time with concrete actions. This is why it is simply vitally necessary for us to overcome the slightest passivity among party members. Each Communist must become a fighter for perestroika and the revolutionary renewal of society. Let this be the most important mandate of our conference."

There is no doubt that not only the 20 million strong army of Communists but also all Soviet people have a vital interest in the successful implementation of perestroika and take to heart this mandate of the conference: to do away with passiveness and become genuine and active fighters for the renewal of society and for the accelerated implementation of the political, economic and social tasks set by the party.

The documents of the conference, which are revolutionary in spirit and completely earthly and practical in their character, contain a broad program of transformations, which are called on to raise our society to a new level, to a new qualitative state. The resolution "On the Course of Implementing the Decisions of the 27th Congress of the CPSU and Tasks for Deepening Perestroika" centers attention on the practical completion of the economic reform and on overcoming the phenomena of stagnation, without which ensuring the fullest satisfaction of the vital needs of the Soviet man is unthinkable.

The resolutions "On the Democratization of Soviet Society and Reform of the Political System," "On the Struggle with Bureaucracy," "On Glasnost," and "On Legal Reform" that were adopted at the conference are of fundamental significance for the qualitative renewal of activity of all governmental, economic, political, social and legal practice. While continuing to govern, the party is pursuing a course for decisively overcoming the command methods of administration, which, as is known, lead in practice to passivity and in the final analysis to irresponsibility of economic personnel and lower the role of the soviets of people's deputies. The essence of the instructions of the conference to party committees from top to bottom is: no substitution for government bodies, no dictation to trade union, Komsomol and other social organizations or to creative and other associations! It is up to the party organizations and their elective organs persistently, responsibly and truly creatively to master the Leninist principles of party influence, to carry out their policy not by force of pressure but through organizational, personnel and ideological work with the strictest observance of Soviet laws and democratic principles of public life in conditions of openness and glasnost.

Among the documents adopted at the conference a special place is occupied by the resolution: "On International Relations." In the report of the CPSU Central Committee and the speeches of many delegates significant attention was devoted to this vitally important question, which touches the most sensitive human feelings. What is involved is the fact that one should not be content with only an abstract proclamation of the unity of interests of various nations and the declaration of the inviolability of the friendship of the peoples of our multinational country but rather taking into account regional idiosyncrasies to organize relations between them and to conduct overall national policy in such a way that the interests of each nationality of the republic or oblast are combined with the interests of our whole state as fully as possible.

The nature of the resolutions of the conference, which was innovative in a Leninist way and at the same time realistic, opened up broad possibilities for accelerated development in all vitally important spheres for the country. The experience of history, however, including the practice of three years of *perestroyka*, decisively cautioned us against any illusions in this regard. After all it has frequently happened that even the most vital, quite pressing and objectively correct political aims were not realized in practice, as the saying goes, they got lost in the sand only because the mechanism of implementation was not brought into conformity with the new demands of life; sloth and inertia of cadres and the broad masses of workers were not overcome. At the conference in particular justified concern was voiced about distortions and perversions in carrying out the radical economic reform, hitches in the realization of principles laid down in the decisions of the January (1987) plenum of the CPSU Central Committee on the democratization of cadre work. In this connection it was emphasized that putting into practice the decisions adopted by the conference has an urgent nature, and it is important, proceeding from the interests of the matter, to set about immediately to implement them, not waiting for any supplementary decrees, circulars, instructions and explanations. Party organizations above all are called on to set an example of businesslike behavior.

Among the very acute problems that attracted the attention of the conference the most prominent was the food problem. Why? Certainly because this is, as was noted, probably the most sensitive point in the life of society, the most acute problem. And the problem goes back a long way. It is no secret that its roots go back to the past, when the foundations of the village's development were seriously undermined. In recent years certain changes for the better have been noted, but they can in no way satisfy us. The growth rates of food to date are such that the addition to a significant extent goes to cover needs linked with the population growth. And it is quite understandable that the conference delegates consider it necessary without delay to concentrate basic forces on solving the food problem and to raise as a priority task all possible assistance to the village and the upsurge of agriculture.

Perestroyka will not acquire real value in the eyes of the population until it brings real fruit to the daily life of every family. People put a high value on democratic transformations in society, they enthusiastically accept measures for improving the economic mechanism of management and actively enters the struggle with all kinds of retrogressive forces. And in the final analysis they link all of these directions of activity with the fact that, to put it bluntly, they receive the possibility of living better.

In the sphere of the agroindustrial complex a large number of tasks on a national scale remain to be resolved. And at the conference it was stated directly: to raise the village is our sacred obligation. Here the staffs of machine building enterprises and scientists, builders and transportation workers, workers in the chemical and processing industries, yes and city dwellers as a whole, must have their say, or more precisely make a real contribution to the cause. Today no one can remain aloof from the solution of the food problem. And still it is clear to everyone that the main, decisive role here belongs to the one who is directly engaged in agricultural production and other branches of the agroindustrial complex.

The fact that it is possible to raise the production of food products noticeably in a short period of time is witnessed by the experience of many kolkhozes and sovkhozes and whole rayons, oblasts and republics. These names were cited at the conference. They are Belorussia and Lithuania, the Altai Kray, Belgorod, Volgograd, Zhitomir, Lipetsk, Orlov, Khmelnitskiy and Tselinograd oblasts. Here the production of livestock products grow steadily, which made it possible to improve the food supply visibly. And the question quite legitimately arises: why is forward movement not noticeable in neighboring oblasts, which have approximately the same natural and economic conditions?

Practice shows that the shortest and reliable path to food sufficiency lies through the fullest possible unfolding of the potential of kolkhozes and sovkhozes on the basis of the development of diverse forms of contract and leasing and other effective means of organization and stimulation of labor. At the conference it was emphasized with good reason that this is the key link of contemporary agrarian policy.

We have entered the second half of the twelfth five-year plan. It is symbolic that at this very point the All-Union Party Conference was convened, the transforming influence of which must be felt in all spheres of the economy and social life already in the very near future and must promote the fulfillment of the five-year and annual plans. The decisions of the conference refine and deepen our course for *perestroyka*, they help to work out and set in motion a mechanism of the interaction of economic, political, managerial and spiritual factors that is capable of leading to a mighty acceleration of the development of the country. What is needed is for each of us in his own concrete sector of life to act conscientiously and purposefully, showing initiative and being modern.

POLICY, ORGANIZATION

Party Official Evaluates Reforms in Trade Sphere

18270068a Moscow *EKONOMICHESKAYA GAZETA*
in Russian No 25, Jun 88 pp 7-8

[Article by L.S. Bobykin, chief of the Department of Light Industry and Consumer Trade of the CPSU Central Committee: "Commodities—The Mirror of Cost Accounting"]

[Text] *A number of large-scale decisions directed toward increasing the production of high-quality consumer goods and filling the market with them have been adopted recently. The implementation of these decisions and new party approaches to the leadership of the economy even in the first stage of the restructuring actually enlivens the work of many industrial enterprises and trade organizations and made it possible to achieve certain changes for the better. At the same time certain problems were distinguished even more clearly—economic, organizational, and social. The materials in the weekly publication discuss these problems and ways of solving them (see pp 9, 10).*

Industry has begun to produce more household equipment with better consumer qualities as well as fashionable and high-quality clothing. The production of items for children, youth, and the elderly is growing at rapid rates. On the whole during 1986-1987 the volume of nonfoodstuffs increased by 16.5 billion rubles or 9.4 percent.

The production of goods is developing at rapid rates in the Belorussian, Lithuanian and Latvian union republics, in Leningrad, Irkutsk, Omsk and Lvov oblasts, and a number of other regions.

But still the overall situation with respect to providing the country's population with goods remains difficult.

Trade is experiencing the shortage of light industry especially keenly. The unsatisfied demand for many of them increases from year to year. While in 1986 it amounted to 2.2 billion rubles and in 1987 it was 6.4 billion, in 1988 it is estimated in a sum of 8 billion rubles. The shortage was greatest in the provision of clothing and footwear for the population. We are also short of the simplest items produced by local industry enterprises. We are also bothered by the fact that there are practically no significant changes for the better in the quality of nonfoodstuffs.

All this seriously impedes the implementation of the state program for providing high-quality goods for the population, it worsens the social feelings of the Soviet people, and, in the final analysis, it reduces the creative potential and activity of the workers in the restructuring that is under way in the country.

Unfortunately, one must say that there have not yet been any real changes in the approach to this most important problem on the part of a considerable number of Soviet and economic agencies and certain party committees. They have not yet recognized the truth that a radical improvement in the provision of goods for the population and improvement of their quality are possible only through carrying out a radical economic reform and implementing the Law on the State Enterprise.

Light industry enterprises, which account for about 45 percent of the overall volume of production of nonfoodstuffs, are in their second year of working under the new economic conditions.

Today one can say unequivocally that the new economic levers are producing a return, they are strengthening the overall dynamism of the development of the branches, and they are orienting the work of labor collectives more in the interests of the consumer. Just take the Belorussian SSR Ministry of Light Industry which with the active support of the Central Committee of the Communist Party and the government of the republic for the last few years has been a pioneer in the development of new management methods.

Enterprises of this ministry are operating with the highest loading of capacities and labor productivity in the branch. Since the beginning of the five-year plan they have considerably overfulfilled the assignments of the comprehensive program and the five-year plan, and the entire increase in the volumes of production of goods has been provided as a result of economizing on raw material resources. Items of Belorussian light industry enjoy great authority among the consumers.

It is no accident therefore that the work experience of the republic ministry under the conditions of the second model of cost accounting was considered recently at a seminar-conference held in Moscow by decision of the CPSU Central Committee.

Many labor collectives of light industry in other republics are also providing for stable operation under the new conditions.

But on the whole, I repeat, we have not managed to fully realize the advantages in the new economic mechanism. And as a result in 1987 the branch did not achieve the control assignments for the growth rates of the production of goods or profit envisioned by the USSR Gosplan. The volume of production of items in retail prices increase by only 2.6 percent. We failed to sell 1.5 billion rubles' worth of goods. Every fourth enterprise failed to fulfill its contractual commitments. Nine republic ministries and every republic enterprise failed to fulfill the plan for profit.

There is no doubt that the results of the work were also affected by the shortage of certain kinds of raw material. There was also an effect from the fact that the

changeover of enterprises of the branch to cost accounting and self-financing was carried out under conditions of an already established five-year plan and many outdated provisions and instructions continued to be in effect.

But, as analysis shows, the main reason is that many labor collectives have prepared unsatisfactorily for the changeover to the new conditions and have been unable to reveal and really utilize existing production reserves or maximally utilize the real advantages that lie in the new economic mechanism.

There was also an effect from the serious shortcomings in the work of individual local party organizations of the ministries, associations and enterprises, and branch divisions of the central committees of the communist parties of union republics, party kraykoms and obkoms who were unable to take charge of the restructuring in the economy, did a poor job of supervising the preparation for work under conditions of cost accounting and self-financing, and did not take advantage of existing experiments in party leadership of the economy that had been accumulated, for example, in Lithuania. Here the branch department of the republic central committee developed a clear-cut program of party and political support for the restructuring of the economy of light industry. Concrete tasks were earmarked in each stage.

During the period of preparing the branch for the introduction of the new economic mechanism special attention was devoted to searching for reserves for increasing production effectiveness and training personnel. These issues were considered repeatedly in the division and in the Central Committee of the Communist Party of Lithuania.

During the period of practical assimilation of the new management principles the department's attention was concentrated on increasing the role of local party organizations and strengthening their influence over the insurance of stable operation of each enterprise.

The department has taken a new approach for preparing for the consideration in the central committee bureau of the issue "On the Work of the Republic Ministry of Light Industry for Developing Production of Consumer Goods Under the New Management Conditions." Workers of the department have met with leaders of enterprises, secretaries of party organizations, members of councils of labor collectives, and leading production workers where they have made many suggestions concerning improvement of intraproduction cost accounting.

Many of these suggestions were taken into account in the decree of the Central Committee Bureau, which has had a positive effect on activating the work of party organizations during the course of the implementation of this document.

Today, with the Law on the Enterprise in effect, the center of gravity in the department's activity has shifted to the labor collectives. Special attention is being devoted to the organization of the work of the councils of labor collectives, to the development of their initiative, and to further democratization of production management.

But work is not being done as the restructuring demands everywhere. And it must be emphasized that a direct result of the passive position of certain party organizations is the fact that many managers of branches and enterprises have not been psychologically prepared for actually accepting the new management methods. Because of an inability to take advantage of the new possibilities and sometimes because of a desire to ease your own situation the leaders of individual collectives strive at any price to accept a reduced production plan, although this runs counter to the interests not only of the state but of the collective itself.

Thus in 1987 light industry enterprises failed to accept the production of 2.5 billion rubles' worth of goods as against the amounts assigned by the USSR Gosplan. The branch achieved a reduction of the level of loading capacities for eight kinds of products. The situation is being repeated this year.

The Central Committee received many letters from councils of labor collectives, managers of enterprises, and even party organizations about supposedly excessive assignments, but upon inspection it turns out that enterprises have the necessary resources and capacities for fulfilling the established plans.

Many refer to the right granted by the Law on the Enterprise. But there are no rights without responsibilities. To speak only of rights means to simplify the basic position of the law which clearly establishes the economic responsibility of the enterprises to the society and the consumers.

They can no longer count on the benevolence of the state. They must rely on finding effective economic solutions, introducing new technical equipment and improving technology, providing for high qualifications of personnel and initiative of the workers—in a word, they must change their attitude toward their work. They must fully recognize the cost of labor and material resources and the need to use them economically. Today the economic situation has changed and party committees must change the forms and methods of their work. They must analyze more deeply the processes that are taking place and arm themselves with methods of persuasion and economic proof. And, naturally, they must be guided in this by state interests.

The generalizing indicator for evaluating the activity of the collectives today is, as we know, profit—the main source for the formation of funds and payments in the system of the financial mechanism. Yet if we analyze the

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results of the work of light industry we must note that even in this most important area the state of affairs cannot yet be called satisfactory.

During 1987 every third enterprise failed to fulfill the plan for profit, more than half of them had a shortage of internal circulating capital, and 90 enterprises lost all of it. Every second enterprise is late in settling accounts with the bank and suppliers and does not have money for paying wages.

As we can see, the picture is fairly sad. Now we must develop and implement a complex of additional measures for financial improvement of each association and enterprise and the branch as a whole, envisioning maximum utilization of existing reserves for increasing the profitability and effectiveness of the activity under the conditions of cost accounting and self-financing.

What is the cost to labor collectives in the state of ineffective utilization of the economic levers and stimuli of the new economic mechanism? In 1987 just because of violations of contractual commitments by light industry enterprises the consumers failed to receive almost 1 billion rubles' worth of goods, which involved the payment of fines in an amount of almost 900 million rubles. Many managers of ministries and enterprises are inclined to explain such significant losses by the rigidity of the fines. But their amounts were increased precisely in order to strengthen contractual discipline and increase responsibility of the enterprises for the shortages in the delivery of goods. And this mechanism is working.

The situation improved somewhat this year, the number of enterprises not meeting their contractual commitments decreased, and the sum of fines also decreased. This means that it is not a matter of the amount of the fine but of improving intrabusiness accounting.

The local and central newspapers are always publishing articles about the quality of goods for the people. It is a subject for discussion of other mass media as well and, of course, also the broadest segments of the consumers.

But so far we have not achieved the large positive changes the people expect in issues of improving the assortment and quality of goods.

According to data of a selective inspection of the Scientific Research Institute of Standardization the proportion of products whose technical specifications correspond to the world level amounts to an average of little more than 7 percent in light industry as a whole.

Analysis shows that most of the products that are returned for repair and are reduced in category are the result of production defects: violations of technological discipline, defects in raw material, and poor intraproduction control. Last year alone the enterprises paid 170 million rubles in fines for poor quality goods. There are losses because of this factor this year as well.

During 1987 wholesale trade organizations of the ministries of trade of the republics returned for repair and reduction in grade more than 40 percent of the inspected leather footwear produced by the Turkmen Ministry of Light Industry, almost 30 percent of the fabrics and knitted and sewn items of Armenian Ministry of Light Industry, and one-third of the sewn items and 20 percent of the leather footwear of the Azerbaijan Ministry of Light Industry.

Last year the CPSU Central Committee gave instructions to take immediate measures for radically improving quality at a number of light industry enterprises, including at four enterprises of the Georgian Ministry of Light Industry. Almost a year passed and there were no noticeable changes for the better. At the Kutaissy Knitwear Factory and the Tbilisi Isani Footwear Association the so-called rejection of individual items reached up to 100 percent of those that were inspected.

As we know, state acceptance has been introduced at 77 enterprises in the branch. They account for more than 10 percent of all the products and the majority of them provide for a high level of quality. At the same time there are plenty of examples in which even after state acceptance the trade agencies reject from 25 to 60 percent of the prepared items.

Today, under the new management conditions, the quality of items is linked more directly than ever before to the economic and financial condition of each enterprise and the capabilities of the collectives to develop production more effectively, to stimulate labor, and to solve social problems.

Party organizations must evaluate more critically the situation with respect to product quality and display the necessary demandingness in imposing order here.

Under the new management conditions light industry sustains significant outlays as a result of enterprises operating at a loss, whose number increased by a factor of more than 1.5 during 1987. The overall sum of losses increased (221 million rubles). As a result of this inefficiency the branch as a whole lost more than 300 million rubles in net profit.

If one is to speak of the causes and factors involved in this situation, one can include the poor work with the assortment, the waste of raw and processed materials, the low level of mechanization of manual labor, shortcomings in the assimilation of capacities, and many other things.

But to a greater degree this is related to the lack of an in-depth economic analysis and generalization of existing achievements and improvements. And it is frequently this that we do not have enough of. Hence the high production outlays, unjustified expenditures, low profitability of items and, as a result, losses instead of

profit. And there are possibilities of working more effectively; this is shown by the work of six republic light industry ministries which do not have a single enterprise operating at a loss (Belorussia, Lithuania, Moldavia, Latvia, Tajikistan, and Estonia). Light industry enterprises have been granted the right not to change wholesale and retail prices for goods that have been manufactured with smaller investments of raw material while retaining the quality and consumer properties. That is, for the first time an anticost mechanism is being formed with the help of price setting. But the opportunity that has been prevented is still being poorly utilized. During 1987 every fifth enterprise in light industry allowed production costs to increase. This, naturally, could not but have an effect on the profitability of the products, especially in places where the proportion of material expenditures is high.

One cannot fail to mention the fact that the work of light industry is less effective because of the deterioration of the structure and quality of the agricultural raw material that is procured. At the same time the country is acquiring greater resources of coarse and defective wool, short-fibered flax, poor quality cotton, and low-grade hide and fur and leather raw material. The assortment of chemical fibers and threads is limited.

Unfortunately, these important issues have not been the subject of constant concern on the part of local soviet and party agencies. And without concrete assistance from the central committees of the communist parties and the councils of ministers of the union republics as well as the CPSU kraykoms and obkoms it is difficult to count on a successful solution to this problem.

The results of the work under the new management conditions depend to a decisive degree on the effectiveness of the utilization of the production potential. And today this is one of the most serious issues.

Suffice it to say that increasing the average annual capacity to the normative would make it possible in the USSR's Ministry of Light Industry as a whole to increase the output of products by almost 9 billion rubles in 1987, including in the RSFSR Ministry of the Textile Industry—by 4 billion rubles, the RSFSR Ministry of Light Industry—by 1.8 billion rubles, and the ministries of light industry of the Ukraine, Uzbekistan, Georgia, and Latvia—by a total of more than 3 billion rubles. And this is the very volume of light industry goods which, according to calculations of the USSR Ministry of Trade, comprises the shortage in trade.

It should be noted that capacities are not utilized completely in many newly constructed facilities that are equipped with highly productive technical equipment, which is completely inadmissible. According to data of the USSR State Committee for Statistics, almost two-thirds (230) of the 379 facilities introduced during the past 7 years have not assimilated their production capacities. Losses in the output of products for this reason in

1987 amounted to about 1.4 billion rubles and profit (calculated)—150-160 million rubles. As a result, many of these enterprises are operating at a loss.

Of the four factories constructed "turnkey" in Moscow, Tallinn, Kaluga and Tolyatti for producing high-quality fashionable footwear, the assimilation of capacities is proceeding on schedule only at the Moscow Footwear Factory.

The explanation here is simple. At this enterprise they were promptly concerned about providing personnel, training them, and creating the necessary social and domestic conditions. The party committee of the association, the Moscow Party Gorkom, and its branch department devoted a good deal of attention to this facility.

In August it is planned to put into operation two of the largest leather plants of the world. But there is no confidence that their capacities will be assimilated in keeping with the normative time periods. At the Ryazan Plant at the present time they have trained only 300 qualified workers while twice as many as this will be needed during the first year of operation. Only 6 percent of the funds allotted according to the estimate have been used for training personnel.

With the most crucial situation with respect to providing the population with footwear, today at enterprises of the Russian Federation more than 150 flowlines are operating on one shift, as a result of which losses in output amount to more than 21 million pair of footwear a year. The flow lines are loaded especially unsatisfactorily at footwear enterprises of Kalinin, Kostroma, Volgograd, Novosibirsk, Orenburg, Rostov, Ulyanov, and a number of other oblasts.

The changeover of the enterprises to cost accounting and self-financing today requires restructuring of the entire investment policy and increasing the effectiveness of capital investments.

But it should be noted that there has been no radical improvement in construction. During the 2 years of the current five-year plan the deadlines for introducing 41 facilities have not been met, which has led to 220 million rubles' worth of losses in output of products.

Construction of light industry facilities is being carried out extremely unsatisfactorily in the Tajik SSR, the Georgian SSR and the Kazakh SSR, where the utilization of limits for construction and installation work amounts to no more than 60-70 percent.

A great deal of alarm is caused by the state of affairs in the construction of light industry facilities for nonproduction purposes.

The key to increasing the effectiveness of production under the new management conditions is acceleration of scientific and technical progress and better utilization of

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the potential of branch science. As we know, in March of this year the CPSU Central Committee and the USSR Council of Ministers adopted the decree "On Measures for Technical Reequipment of Light Industry in 1988-1995, Providing for Accelerated Solution to the Problem of Satisfying the Needs of the Population for Goods." For light industry this is unprecedented both in the scale of the earmarked tasks and in the means and resources assigned for carrying them out and the inclusion of the potential of various branches of industry, including defense.

An extremely complicated task must be resolved within a short period of time: by 1990 to satisfy practically all of the needs of light industry for equipment as a result of their own production and finally be rid of the existing dependency of the branch's developments on purchases of technical equipment from abroad. To do this it is necessary to increase the volumes of delivery of technological equipment for the branch by a factor of 2.5 and the capital availability for labor should double. Of course this is extremely difficult, both technically and organizationally.

An important instrument for increasing the effectiveness of production is improvement of the utilization of labor resources and improvement of the organization of the wages of each worker depending on his labor contribution. This is especially crucial today when the widespread equalizing has become a serious impediment to the development of the labor activity of the workers and their increased interest in the results of their labor.

The solution to this problem will be largely determined by the introduction of new wage rates and salaries for workers of production branches in keeping with the decree of the CPSU Central Committee, the USSR Council of Ministers, and the AUCCTU.

In light industry 67 percent of the workers have already been changed over to the new wage system. There are many examples of a creative, reasonable approach to solving these problems in the branch. For example, in the Leningrad Bolshevik Association as a result of technical improvement of production, regulation of norm setting, and the introduction of an effective incentive mechanism they have achieved an increase in labor productivity of 19.2 percent with a growth of wages of 16.7 percent.

Still the necessary effectiveness is not being achieved everywhere. About 30 percent of the enterprises that were investigated introduced the new wage conditions not as a result of finding intraproduction reserves, increasing labor productivity or economizing on the wage fund as is envisioned by the decree but as a result of taking money from the material incentive fund.

It should be stated that the new principles for payment for the labor of specialists and employees are still being poorly utilized. Because of inertia the managers of enterprises are timid about allotting more money for payment for the labor of specialists who are working the most effectively.

As a familiarization with the condition of this work in the local areas showed, many party organizations of enterprises, departments of central committees of communist parties of the republics, and CPSU obkoms have practically let the situation get out of control.

One of the main reasons for the unsatisfactory work of the enterprises is the poor economic preparation of many managers, specialists, and permanent workers.

The general economic training begun in keeping with the decree of the CPSU Central Committee has been organized poorly so far. For example, as was shown by an inspection conducted at the Glukhov Cotton Combine, the Tashkent Footwear Factory and other enterprises, the theoretical fundamentals are presented separately from the practical work and schools and seminars are not provided with materials that characterize the economy of the operation of specific sections, shops and enterprises. Frequently the ministries fail to fulfill plans for retraining specialists and managers.

Therefore it is no wonder that we encounter cases where not only workers and brigade leaders, but also managers of enterprises and ministries have a poor idea of the principles of the new economic mechanism and are unable to apply them in practice. We are especially bothered by the fact that the economic and bookkeeping services are frequently staffed with people who do not have the necessary professional knowledge. For example, in the Turkmen SSR Ministry of Light Industry every fourth economist is a practical worker. Yet one-third of the enterprises in the republic are operating at a loss and this requires a higher level of economic work. Under the current five-year plan the ministry has a purely symbolic normative of deductions into the budget. And even so the profit obtained by individual enterprises goes to cover the mismanagement and inefficiency of enterprises that are operating at a loss. And yet we cannot go on like this forever. It is natural that the normatives will be equalized and it is necessary to deal with the economy now.

To teach people constantly, at all levels, is one of the most important tasks of the ministries, their party committees, the central committees of the communist parties of the union republics, and the party kraykoms and obkoms. General economic training should be permanent and continuous.

Retail Price Changes Could Negatively Affect Population

18270082 Moscow *SOTSIALISTICHESKAYA INDUSTRIYA* in Russian 26 Jul 88 p 2

[Article by A. Antonov, economist: "It Is Still Necessary To Think about People"]

[Text] I follow with great interest the statements the leaders of the Committee on Prices make in the press. *SOTSIALISTICHESKAYA INDUSTRIYA* has also given chance to the No 1 person in this department—V. Pavlov—to have his say. I gained the impression that those who attempt to control prices do not have a particularly clear understanding or scientific basis for this problem. This is what disturbs me.

It is strange that those who attempt to regulate our purchasing power do not see or do not wish to see an elementary thing: Increasing the prices of meat and dairy products will undoubtedly affect the price system of basic food types. It is not possible to raise the price of meat without affecting fish prices, since the next day fish may become a scarce item. In the same manner, it is not possible to raise the price of cream without affecting margarine, vegetable oil, and other types of fat. All these items are interrelated.

Consequently, we can speak of massive price changes for all staple foods, for which we pay billion of rubles a year. Add to this possible regulation of apartment rents and similar measures being discussed in the press. These kinds of measures cannot be compensated for merely by providing somewhat larger amounts of money for purchase of staples. Even the implementation of a system which compensates for price increases will be reflected in the living standard of a large section of society. Does the State Committee on Prices know this? Is the problem under study in its institute?

Thirty-five percent of the population has an income of up to 100 rubles per month per family member.

In 1986, 5.6 million babies were borne in our country. A mother presently has the right to up to an eighteen-month leave of absence after birth of a baby. In addition, she receives a monthly allowance for the first year. This allowance can be increased, but what about the second year? If everything remains the same, the problem of nursery overcrowding will become aggravated.

In 1986 there were 1.9 million mothers with four or more children. The number of families having two or three children is undoubtedly considerably larger. Finally, there are millions of students in higher and secondary specialized schools in our country.

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And pensioners! In 1986 we had 56.8 million. In other words, the problem cannot be resolved for all population categories using the traditional method, even if a sophisticated and all-encompassing system making up for price increases were to be set up.

After receiving additional financial benefits in the form of differential allowances, low-income working families would of course not spend all these extra sums exclusively on food products. The standard of living would be lowered, and this must not be permitted. We must not fail to consider the interests of people who can increase their earnings by means of more intensive labor. Reform of the economy, including price reform, has the purpose of providing maximum possibilities for high-productivity labor, in effect increasing earnings. However, if rising incomes will be largely absorbed by higher retail prices, the effect on improving our economy will be less than positive.

In a word, if we do not institute stable social protection for the populace, any reform which is instituted will only exacerbate, not improve, the demographic situation. The main consideration is that we must not permit social tasks to be dominated by the economic.

Can the budget handle all the expenses associated with protecting the populace from all unfavorable consequences of price increases? It is apparently necessary to retain some kind of system of subsidies and endow it with social orientation, without benefit distribution on the basis of the "something for everybody" principle. It may be that a number of social groups are in need of a system of dual differential allowances—money and coupons, with the latter conferring the right to purchase certain food items at reduced prices.

The introduction of substitutes for bank notes is hardly the best solution, of course. But let us discuss other solutions. Enterprises can set aside a portion of earned economic incentive funds for additional social assistance for workers' families. Operation under conditions of the new economic mechanism and new principle of forming and distributing the wage fund would expand their possibilities considerably. It is important that this new social area of activity become permanent. These conditions give rise to the new concept of unique standing of the enterprise relative to its possibilities of providing its workers with definite additional social guarantees.

The resolution of these problems should apparently manifest itself in the creation of additional conditions favorable to raising total family income. In particular, it is high time mothers are guaranteed the possibility of working part time, with flexible hours, performing work that can be done at home...

Finally, we must devise and introduce for general application a minimal cost of living index for various social groups of the population. Only then will we be able to follow price dynamics effectively, to prevent creating a disparity between wages and definite results of labor.

We know what it costs the government for meat and milk and how much additional money it pays the agricultural sector for these products. However, all these enormous amounts of subsidies include losses which also represent enormous sums. Graveyards of agricultural machinery in fields and mountains of decomposing scarce fertilizers all contribute to the cost of agricultural production.

Reform of retail prices and rates is an involved and, in many respects, a painful process that affects all areas of our life. This is what should be at the center of concern of the large Goskomtsen staff. This is a test of the political maturity of society. What is required is openness, based on published data gathered by extensive sociological surveys, in assessing the most pressing problems and their consequences. Only on this basis will we be able to engender deep faith in the correctness of decisions we are making. Otherwise, we may intensify the ennui and inertia with which we are currently locked in combat.

13005

FOOD PROCESSING, DISTRIBUTION

Correspondents Investigate Meat Supply

Fluctuations

18270083a Moscow *IZVESTIYA* in Russian 27 Jul 88 p 2

[Article by O. Stefashin, N. Lisovenko and A. Karpov, *IZVESTIYA* stringers: "Stuff Today, Starve Tomorrow—Or, How Meat Products are Distributed in Some Regions of the Country"]

[Text] Employees of the USSR Committee of People's Control recently looked into how state centralized meat stocks are distributed in a number of union republics and oblasts. Our stringers also took part in these checks. Here is what they sent us.

Karaganda Oblast

It's a common enough picture: on their days off, hundreds of privately-owned cars with Karaganda Oblast plates head for Tselinograd. They rush along, passing each other. But why do they drive 200-plus versts? For sausage meat, butter and even for sweetened and pressed cottage cheese.

There's no denying that the situation with food products in Karaganda is much worse than in the neighboring oblasts. True, meat and sausage show up on the counters on certain days by the end of the working shift. However people have to stand in line from the early morning to buy them. Do they have any luck? The delivery to the store is usually small and only a few people get enough.

Right now, the oblast receives an average of 67.7 kg of meat and meat offals per resident. That would seem perfectly adequate. But, oh, my—this average statistical

index always seems to be setting riddles. Somehow, this time, we're not making ends meet. We talk about increased consumption of meat products, and the stores, explain that they have none. Why is this? Here are the views on this subject as expressed by USSR Committee of People's Control brigade members.

"Just as we thought, most of the time it is uneven market saturation that keeps people from getting scarce food-stuffs. In other words, if it is difficult for a large part of the population to buy a piece of meat, this means the others have plenty. There's no way this situation can be thought of as normal. And it is a direct result of the oblast's legitimate foodstuff distribution system. The point is that in April of last year the obispolkom decided to bring the sale of certain livestock products to order. In and of itself, this step is understandable, and to a certain degree justifiable; it is doubly important, when commodity resources are limited, that every available commodity be distributed thrifitly and fairly. Initially, people had hoped that things would be that way now. But it soon became clear that this innovation totally put the cart before the horse. First and foremost, it violated the principle of social justice: some categories of workers ended up in far worse condition than others." How had this happened?

Having concluded that an open counter is not the best way to meet people's needs for major types of products, the obispolkom set up a broad network of so-called closed distributors, special-purpose stores and order departments, where goods are supplied from lists or for coupons. Of 53,800 t of meat products allocated to the oblast from the central suppliers, only 20,000 t are left for free sales. This is certainly very little for the 1.2 million people of the urban population, especially if you consider that not all the goods delivered to the stores end up in the meat counters. I conclude this from the results of the checks made by the people's controllers. Not long ago, just two municipal canteens obtained 300 kg of meat. As soon as people found out about it, the meat was sold. But to whom? Or this: on 1 July the workers of the Oktyabrskiy Rayon's small-scale wholesale depot delivered an entire truckload of meat products to their apartments. On that day, they consumed 220 kg of meat alone. But as they admitted, that wasn't the first time they had done so. They perform this "self-service" on a regular basis.

They pilfer and squander scarce products in the special ration shops as well. You would think there would be a modicum of order there, what with their lists and product distribution allowances. But alas, the salespeople are far more cunning than those behind the public store counters. Thus, the people's controllers who visited the Telmanskiy Rayon store, which serves war veterans, established that of the 8.9 t of meat which were allocated to the store last year, the front-line soldiers got...only 117 kg. The Kirov Oblast's miners go for months unable to exchange their coupons for meat. For some reason, instead of meat, they are always given poultry. It's the

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same situation at the imeni Kostenko mine, where every second kg of meat offals is sold under the counter, except that the people are offered scrawny chickens.

We repeat: it is not a case of isolated instances, but a widespread phenomenon which has enveloped the trade sector. It is difficult to combat, but it can be done. Perhaps more meat offals could be sold by shutting down the special ration shops. Indeed, many people hold this view, including L. Kim, chief of the oblast trade administration.

It's as though the outward appearance of well-being has soothed many people. They say that since the indicator of per capita well-being is good, what else do we need? We would remind you that we need the corresponding norms to be literally the same for every resident, and not turned into an average statistical convention.—O. Stefashin

Donetsk Oblast

Not so long ago this oblast, which is in a risky farming area, imported most of the products it needed from other regions. These days it supplies all its own margarine, rendered fats, flour, macaroni foods, eggs, vegetables, fruits and melons. But the oblast still imports 140,200 t of meat, 747,000 t of milk and dairy products and even 245,000 t of potatoes.

How is the meat consumed, what resources for increasing its production are available and what needs to be done in order to more fully meet the population's needs for foodstuffs in this industrial area? These are the questions which interested the USSR Committee of People's Control team.

The inspectors had no objections whatsoever to the manner in which available meat supplies are distributed. And what's more, they noted that the oblast has a strict system of expenditures in effect: 43.6 percent of the meat is used to make boiled sausages, 24.2 percent for public catering, 13.0 percent—26,900 t for free sales, 6.3 percent goes to children's institutions, 4.1 percent is sold through orders departments at mines, plants, power stations and other enterprises, 2.2 percent is provided to disabled war and labor veterans, and the remaining 17,200 t (about 7 percent of the available meat stocks) this year were turned over to the consumers' cooperatives system to be made into smoke-cured sausages.

And the USSR KNK representatives still kept finding numerous cases which showed graphically that violations of social justice in the distribution of meat offals have been far from eliminated. They cited the examples of Donetsk stores Nos 17 and 18 issuing meat through their orders departments to "privileged customers."

As Vladimer Zhilyayev, director of the Donetsk market told us, "Some 66 enterprises have been attached to the Torgovye Uslugi and Rossiya stores. They are always stocked with everything, and there are never any problems."

The truth turns out to be somewhat different. Whereas a high-tension support plant numbering 700 persons was sold 622 kg of meat, 300 kg were sold for the same period at the experimental works at the UkrSSR Academy of Sciences Institute of Physical and Organic and Coal Chemistry, which has 100 employees. Construction workers, trolleybus and streetcar administration employees and other "insignificant customers" were allocated no meat during individual months, though a "useful" motor-vehicle repair and maintenance plant has never done without.

The USSR KNK check-up showed that the oblast has not done everything necessary to use the potential of the personal subsidiary plots belonging to 629 large-scale enterprises, and despite all the exhortation, they do not want to work the subsidiary farms. They explain this by saying that they have no feed or land on which to raise it. Apparently, the oblispolkom and republican organs should find the best solution to this problem. A check-up showed that a great deal of the production equipment used to produce foodstuffs is hopelessly obsolete and needs to be replaced. Because of having been used long and intensively, five cold-storage complexes with a capacity of 26,000 t are no longer operable. There are 300 too few ovens used to bake flour products, 150 too few dough-rolling machines, 500 too few freezers, and every third cold storage unit in the stores and depots is being operated beyond its rated service life period.

Among the shortcomings mentioned by the USSR KNK commission are the poor work of the consumers' cooperatives for purchasing meat for the population, poor supervision on the part of Gostorginspeksiya [Main RFSFR State Inspection Administration for Goods and Trade Quality] and departmental inspectors, and the undeveloped system of personal subsidiary farms....—N. Lisovenko

Tajik SSR

In Dushanbe, long lines for meat are a normal occurrence. It—the meat—lies freely in the market counters. But the prices are R5.7 per kg. For many citizens, purchasing meat for the dinner table is a complicated problem. And this is in a republic where livestock and vegetable crop raising in particular, are one of the traditional agricultural sectors.

Precisely how much meat is used in the republic per capita according to the conventionally-used average statistics? We got the answer to this question from the USSR Committee of People's Control brigade, which visited here recently. It seems that where the average person in the country eats 63 kg of meat offals per year,

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the figure for the Tajik SSR is only half that, or 31 kg. And since this index is graphic evidence of a considerable shortage, another problem arises: how is meat distributed among the republic's residents?

In Kurgan-Tyube—the oblast center—there are six closed-shop trade enterprises to serve...800 people. These people are employees of party obkom and gorkom staffs, oblast and municipal ispolkoms, and of the Ministry of Internal Affairs and KGB administrations. This, by the way, is where all(!) the high-demand fish products allocated to the oblast are sold. Meanwhile, there has by and large been no shortage of fish for the last six months in Municipal Store No 20, which serves 50 of the Red Cross group hospitals, Small-Scale Wholesale Store No 36, where 19 kindergartens, four hospitals and other institutions numbering 8,000 people obtain their fish products.

Kurgan-Tyube is not the only place with "privileged" stores. Residents of the republic capital speak with irritation of the Russian Technical Society Store No 5, the Prodtovary, in the Oktyabrskiy Rayon and others. More goods are issued to the people here—after all, it is the capital. But the quantities of scarce goods sold there is much more impressive—52 percent of the market stocks of all the republic's trade enterprises.

In any case, this principle of distribution does nothing to reduce shortages. To the contrary, it exacerbates it. And this, of course, also engenders other negative occurrences. Meat is stored up for sale "by the back door" to "their own" people. People's controllers discovered, for example, 400 kg of beef in the Universam provision store in Dushanbe. And how much went undiscovered?

Before settling down to these notes and remarks, I had a conversation with one of the Tajikistan Council of Ministers responsible workers, with whom I shared my observations.

"Don't write about this," he begged me. "No good will come of it. The meat problem needs to be solved comprehensively. This way...you'll only make things worse for many responsible comrades."—A Karpov

EDITORIAL COMMENT: Thus, all the USSR Committee of People's Control commissions stated that the meat shortage stemmed not only from inadequate quantities being produced, but also from serious miscalculations in the organization of its distribution and violations of trade regulations. They also emphasized the fact that USSR Goskomstat [State Committee on Statistics] sometimes uses, to put it mildly, unverified data when determining per capita meat consumption levels. This also distorts the real situation regarding the adequacy of the supplies of meat and meat offals available to the population.

Of course, the main way to eliminate shortages of meat would be to increase production levels. The main way, but not the only way. The USSR KNK checks revealed additional ways to solve this problem. Our correspondents discussed some of them today. For the local organs, the task lies in immediately taking the most effective (and if necessary, the most abrupt) measures for shutting off the channels through which meat products flow from our common national table, even though they appear in the average statistical data in reports on paper.

12659

Inventories on Current Trade Turnover Recommended

18270072a Moscow *SOVETSKAYA TORGOVLYA* in Russian No 6, Jun 88 pp 19-21

[Article by L. Kochurova, senior ZIST (Correspondence Institute of Soviet Trade) instructor: "The Commodity Turnover Rate and the Discount"]

[Text] Kemorovo—The need to raise the commodity turnover rate indicator to valued levels is determined by the fact that the turnover time characterizes the overall level of development of the productive forces. Commodity turnover time is reduced by increased public labor productivity. This is why turnover time, as a valutative indicator, allows us not only to correctly determine labor productivity levels, but also to orient ourselves on increasing it so that discounts on goods do not cause us major losses such as we are suffering today.

In the real world of economic laws, time reveals the index of a commodity's public value. Regardless of our will and our wishes, it evaluates the labor invested in the production of a commodity: either it depreciates it (then a surplus of the commodity accumulates and we have to discount it), or the commodity is produced in short supply, which shows that inadequate public labor was expended to produce it. This is how the proportion of each commodity in public production is determined. "No form of society," wrote K. Marx, "can keep the working time a society has at its disposal from controlling production in one way or another." It is the task of science to take into account the action of this law in regulating the economy's proportions, so that output which is predestined for sale at cut-rate prices is not produced and no shortage, with its concomitant destructive social consequences, is created.

In a healthy economy, commodities need be neither in short supply nor kept in circulation longer than the average commodity turnover cycle. Keeping a commodity in the turnover channels is an abnormality, a sort of signal that the proportion of the overall production volume at which a given commodity has been produced has been disturbed and gives planning organs grounds to reduce production capacities (not to completely cease production, but to reduce production capacities according to the rate at which the commodity turnover slows

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down, in order to avoid shortages). A commodity needs to be traded constantly as long as it is in demand, and the rate at which the commodity turnover slows down or speeds up will indicate the rate at which consumer demand is picking up or falling off.

When the commodity turnover rate sets the value for the qualitative make-up of reserve commodity stocks and the economic result of the work done by enterprises, under no pretext whatsoever will the trade sector accept goods which cannot be sold within their average turnover cycle. This will promote the investing of assets to produce goods needed by society and will keep losses from discounts to a minimum. If economic measures do not deprive the trade sector of opportunities to accumulate commodities not in demand by consumers, then society will never be free of non-productive costs.

As an indicator of value, the commodity turnover rate acts not only as an economic barrier blocking the flow into the trade sector of goods not in demand by consumers, but also acts as an economic measure which helps to reduce the country's commodity turnover time, which is still too long because of the presence in commodity reserves of a great many commodities whose rate of turnover is too slow. Thus, investigations have shown that at the beginning of 1987, 60 percent of radio products consisted of products from the previous year's output, 27 percent were manufactured two years before and 7 percent three years before. Reserve footware stocks showed an overall shortage of 50 percent in the commodity mass having a slowed rate of commodity turnover. From 35 to 50 percent of reserve sewn goods stocks have yet to be classified as unmarketable or old stock, but will doubtless have to be sold at a discount later on. The same goes for 40-45 percent of reserve stocks of textile goods, as much as 30 percent of photographic goods etc.

The turnover time for goods greatly exceeds the time needed to produce them. A flow-production mill produces 40-60 pairs of shoes per minute, and it takes months, and sometimes years, to sell them. Other goods take even longer to sell. Thus observations have shown that it takes 3-5 years to sell certain types of crystal and jewelry items and rugs, 4 years for binoculars, 5-6 years for motorscooters and over 10 years to sell Karavella electric phonographs.

We do not know the natural boundary of the rate of commodity turnover at this stage of economic development. For example, prior to 1987 the average commodity turnover cycle for footware in the Kemerovo Oblast was 70-100 days. Right now, in conditions of "footware starvation," it has been cut by almost half—to 40-50 days. But even this is a long time! Will beautiful, fashionable shoes with a high effective demand really be in trade for 40 days? They won't be in stock an hour! Let's see what is for sale these days. Store cabinets are filled mostly with house slippers which in no wise meet

customers' aesthetic demands as well as with a poorly-marketable assortment of rubber and leather shoes. Obviously, shortening the average goods turnover cycle has not improved the quality of reserve stocks, since at both the 90-day and the 40-day trading period, the shoes produced were not those which were needed to improve the commodity supply and to bring it into line with the demand.

Today, as we work to restructure the economy, it is more important than ever to support science and the laws of societal development. In choosing directions for the activities of the labor collectives and in making any sort of economic decisions, the first order of business is to assess the situation correctly from the standpoint of economic laws. For example, in order to determine the amount we need to discount, we first need to show clearly how much unmarketable and old stock we have on hand. And this must be done not from the standpoint of the trade sector employee, but from the standpoint of economic laws. The value of these goods needs to be set exactly as it is by the economic laws themselves, independent of us. And economic laws use time to evaluate.

Here, the time factor should form the basis for our economic mechanism, so that the actions of enterprises are consistent with the requirements of the economic laws. Only then will the enterprises be able to fully carry out the process of discounting goods with no fear of acting contrary to the interests of the economy.

Right now trade sector employees determine amounts of unmarketable and old stock by eye, and attempt to comply with USSR TsSU [Central Statistical Administration] Regulation No 8-24/22 of 19 May 1986, which regulation is elective, and does not comply with the requirements of objective economic laws. Thus, the regulations on unmarketable and old stock state that such stock includes "goods, manufactured by industry in the year course of the year (from January to December inclusive), the preceding accounting year, and during preceding years." The law states that the value of goods depreciates with expiration of the average turnover time.

In addition, trade enterprises deliberately reduce their stocks of unmarketable and old goods to avoid paying higher interest rates on loans. Moreover, lists of these goods are examined as well by oblast (kray) Soviets of People's Deputies trade administration executive committees and only then does a commission finally decide whether to classify the goods as unmarketable and old stock. We note that it is not economic laws but the committee's instructions and conclusions which are the deciding factor here. This is why the valuative assessment of unmarketable and old stock is influenced only by subjective and free-will decisions, not by economic laws.

Nevertheless, whether we like it or not, economic laws are in force and they do depreciate the commodity mass. Goods which are kept in circulation beyond the average

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cycle are no longer worth the amount shown on their price tags. Store cabinets and shelves filled with these goods create only the outward appearance of a supply of goods. In actual fact, the commodity mass has no real value. Here, it makes no difference what sort of goods they are: whether they are produced in quantities in excess of the effective demand volume, produced out of season, or are of poor quality etc. There should only be one sign for them—"Goods With a Slow Turnover Rate"—because all of them not produced in accordance with public demand are themselves not only products of non-productive labor, but require even more non-productive outlays to keep them in circulation. Thus, neither the outlays for production nor the outlays for circulation are publicly necessary. And it is all the more unprofitable to the public to keep such goods beyond the average turnover time. Our entire economy suffers as a result of this—it retards the circulation of public funds and monetary assets and lays the groundwork for unseemly social consequences. As M. S. Gorbachev pointed out, lost time means losses in growth rates and missed opportunities for us to grow.

Outside of subjective evaluations, we sometimes fail to catch sight of the real economic situation. In fact, we essentially have no knowledge of the amount of goods we have in this country which are capable of ensuring a normal reproductive cycle. According to statistics, at the beginning of 1987 there were roughly R90 billion in goods in retail and wholesale trade enterprises and industry. But what is the real amount?

We shall use the example of footware and sewn goods to try and present a true picture of the status of our reserves. A continuous record of the movement of the listed commodity mass, which we also made as an experiment at the beginning of 1987 in a number of specialized stores in the Kemerovo Oblast, showed that at an average turnover time of 90 days for footware, 50 percent of the reserve stocks consisted of footware with a slowed turnover rate. If we have recourse to the cost of evaluating them, then this turns out to be a tremendous amount—R22.5 million, since enterprise records show a total of R2.4 million in stocks of unmarketable and old footware.

Now let us see what the results of the continuous accounting show for the country as a whole. In doing so, we take into account that the Kemerovo Oblast's commodity turnover rate situation is more favorable. Here, it is 1.2-fold higher than the average for the USSR. So that the probability of errors in the direction of worsening are ruled out. We will even improve the picture somewhat if we mention that at a retail footware turnover rate of 3.5-fold per year, R2.2 billion in reserve stocks having a slackened turnover rate had accumulated in the country by the beginning of 1987. And this in retail trade alone! And this amount repays, with interest, the R2 billion figure we are officially given concerning all groups of unmarketable and old stock in the country. And if to the R2.2 billion figure we add R6.4 billion in

reserve stocks of those sewn goods which have a slowed turnover rate and which, as similar figures have shown, have accumulated in the country, and then add to them similar reserves from these two groups of wholesale and industrial goods, then the reserves recorded in the statistics at R90 billion are reduced by almost R10 billion. But this refers only to two commodity groups! And how many cultural and domestic goods, sporting goods and farming goods as well as other commodities are there which cannot be sold at their present prices! It's almost as though the R90 billion shown in the statistics did not exist. And in fact this amount has been made part of the 1987 plans for coverage in kind of retail commodity circulation.

This year's non-fulfillment of the plan for commodity turnover possibly stems from this to a certain degree.

By ignoring economic laws, we severely punish ourselves: we pay for it in slowed economic growth rates. Instead of our controlling the commodity turnover time-period, it controls us. Instead of complying with economic law, we constantly find ourselves banging our heads against it, at which point it makes no difference if we mark products down and incur terrific losses.

The Kemerovo Municipal Trade Organization for Industrial Commodities, for example, discounts sewn goods by 45-65 percent, whereas a well-timed discount would incur less in losses, and making deliveries to auctions more in harmony with the commodity turnover rate would reduce losses to nothing. An analysis of the selling off of discounted goods showed that goods marked at more than a 30 percent discount do not go out of circulation. In the Kemerovo Oblast, for example, 67 percent of the commodity mass remains unsold. In local auctions in this oblast, 27-37 percent of discounted sewn goods were still in stock at the end of the year. In Novokuznetsk, up to 20 percent of the sewn goods in the general store are being given additional mark-downs after a 40-percent discount. And this in a place with the greatest consumer traffic.

All these losses could be avoided if control of the economy and production were directly guided by the average commodity turnover time—a category which manifests the law of value and thus defines the boundary between normal and atypical reserve stocks. Since we are not doing this, we can see which goods have a slowed turnover rate and which, in contrast, have an accelerated rate, in order to discern the rates at which the consumer demand is changing in accordance with the turnover time and to make the correct decisions on reducing or expanding production capacities.

Trade lives a day at a time. Today it needs no goods and refuses them. And instead of reducing its production capacities at the rate at which the commodity turnover rate slows, production ceases altogether. After a while, trade finds itself needing those same commodities.

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However, practical employees are unwilling to subordinate themselves to this law when discounting goods. Concealing goods with a slowed turnover rate in order to avoid paying increased interest on loans, they are unwilling to show them when drawing up their lists of products to be discounted. As a result, the cost of the discounted goods is 4-, 10-, and in some enterprises as much as 30-fold higher than for the goods on record as being unmarketable and old stock. And this when the discounting opportunities are limited! And if there were enough assets, the trade sector would discount everything which had ceased to turn over. But the existing economic mechanism makes this unprofitable: we would then be producing goods for discount. The "commodity turnover rate" category needs to be used to prevent the production of goods having a slowed turnover rate, as well as unmarketable and old stock, and this cannot be done without coordinating it with the economic mechanism.

Footnote

1. K. Marx and F. Engels: "Sochineniya" [Collected Works]. Second Edition; Vol 32, p 9.

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HOUSING, PERSONAL SERVICES

Citizens Vent Frustration Over Long Lines
18270074a Moscow LITERATURNAYA GAZETA in Russian 29 Jun 88 p 12

[Article by L. Velikanova: "Opposition"]

[Excerpts] *We have stood cheek to jowl in enough lines waiting for the time when someone "higher up" is going to put a ban on lines—the regrettable privilege of most of us. Life without lines must become the norm. Our readers are on intimate terms with these notions, which were expressed in the article "Who is Last?" (LITERATURNAYA GAZETA, 20 April 88), and they understand them only too well. Every day they support the paper in this issue. They see the line as a sign of incompetent leadership, an inefficient economic mechanism and inactivity in the levers of social defense. The readers see lines as an ideological problem which should be looked into by the delegates to the 19th Party Congress.*

"It destroys everything human...."

By publishing—out of turn—suggestions for putting to rights a shameful sign of our contemporary life—the queuing situation—I am breaking a promise made in the article mentioned above. I want to begin with two letters

which contain no such suggestions, but which do reflect the special nature of these responses: their openness, candor, depth and the sniper-like accuracy of their analysis.

One of the letters came from Moscow: "Dear Comrade Velikanova! I wonder why the sociologists have thus far contrived to skirt the problem of lines, probably the worst part of our public life. Of course, many people have written about lines, but they have said nothing specific—here they talk about one line, there they talk about another line—as though they are caused by definite departments falling short of the mark and not by the entire economic system running in neutral.

"I would like to know how many economists there are in our country—not the experienced workers employed by enterprises, but the theoreticians, candidates and doctors of sciences and finally the academicians. Aren't they ashamed to be paid, considering what their theories are being turned into in practice? If they are not ashamed and if they somehow manage to ignore the long lines which increase in number every year, then I advise them to get to know the work of the young artist, whose name I don't recall, but whose painting, 'The Line,' was exhibited last year and reminded us, I think, of all our lives. I think it is a social masterpiece, and it captures everything about our life. Look at it and you will say: can we really stand this? Or: does anyone have the right to take advantage of the benefits created by the work of the toilers who languish in this endless line?" (Signed) V. Bogacheva, librarian.

The second letter is from Murmansk.

"Dear Comrade Velikanova! I find your article very useful and topical, because we can't go on living like this. Despite the fact that there is nothing in our stores, the trade sector has even managed to create lines for 'nothing.' Every time I go into a store and get crushed and listen to the wrangling of normal, and maybe even nice, people, I think about all our slogans hanging everywhere telling us what friends, comrades and brothers we are person-to-person.

"The line destroys everything human in mankind. What's more, it inculcates particularly degrading psychological behaviour. For example, I once saw what I considered a nice shirt in a store and made up my mind to buy it. What do you think stopped me from doing so? There was no line! And I knew that people had been buying the shirts. So you see, a person doesn't even believe his own senses when people aren't lined up for an item.

"By and large, it seems to me that it is precisely because of lines that the people walking our streets are sullen and worried, and are ready to fly into a rage and attack each other over any trifles. Because there wasn't enough of

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something somewhere for someone—someone had bought it without trying it on, and now doesn't know what to do with it; or someone doesn't know where to get it....

"I'm a sailor, and I travel abroad fairly often. And lest this sound unpatriotic, I manage to relax in other countries. I take a rest from these damned lines. For instance, I went into a phonograph record department, chose one, put it on one of the many players, and even if I had started dancing (which, incidentally, the young people do), no one would have said I was holding anybody up or, what's more, that I was bothering anyone. The Soviet citizen still bears the stamp of the 'line,' because he expects the outcry, the explosion, just as if he expected to be shot in the back. It was a long time before I decided to ask the salesgirl for the record, which had gone out of style five years ago. At home I would have at least been threatened with a hefty 'fee,' which would have completely affected my mental state. But there, the salesgirl quickly went to the storeroom and rummaged around there for 20 minutes, brought my record and then apologized for making me wait.

"What a pity. When you return from 'out there,' you are always convinced that our trade, our way of life is a pit which can swallow up everything, including your article. Without a trace. But I believe that if the article could society to the quick, then perhaps our letters will help. And if they don't completely fill in the pit, then at least they will make it a little shallower. And in the end, they will fill it.

"Pardon me for such a long-winded letter. This is the first time I have written, and that is why I have not learned to express my ideas concisely. But I am learning whether the newspapers are going to continue to write about the latest news. With respect, A. Shtabkin, navigator."

Our readers are convinced that the long serpentine lines which disfigure our city and devour our time, our nerves and our energy are not simply the result of shortages and defects, but are also symptomatic of a perverted form of existence and way of life nurtured by them. As expressed in one of the letters, the lines are being created deliberately, and not otherwise. Were this not the case, how would they start up where it seems there is nothing from which to form them? As an answer, there are hundreds of examples which corroborate this at-first-glance unlikely idea.

"Why?"—"Because!"

The woman stood in line 30 minutes. Certainly not a very long time. By our standards, she didn't stand in line at all, so why mention it?

Just this. Four salesgirls were loafing about (at least, you couldn't tell what they were doing) in the tiny space of a haberdashery department in a huge department store in

the capital. One was moving something about, another was rewinding her watch, the third was lounging about and only the fourth was distributing goods. None of them was bothering to answer customers' questions. And only when the "line for nothing" flew into a rage and started yelling: "Give this salesgirl some help! There are four of you!"—did the one who was lounging about finally growl "Can't you see that we only have one meter's space?"

So this was the real reason for the line in the department store. And there was another line in the "Dairy Goods" department, where an efficient system had been set up: the second cashier goes to work when the line for checks stretches out into the street and no one can come in or out of the narrow door. When the line is gone, the second cashier leaves. By this time there is a line to the sales clerk, since when two cashiers are working, one sales clerk is allowed to leave. The customers are standing up at the counter, and once again a line has formed from the cash register and is snaking out into the street. The second cashier shows up and the salesgirl leaves. And so it goes, endlessly. It's a sort of "perpetual motion" line.

Recently Gosteleradio political correspondent V. Dunayev told us all how they telephone apartments in the USA. This takes any (not elected) citizen 15-20 minutes and no longer, or the same time it takes to go after an order. To a reader from Smolensk, the idea of having this kind of service available to everyone seems like a tale from the "Thousand and One Nights." He writes in the LITERATURNAYA GAZETA: "Obviously you are not going to print this, but it is a relief for me just to unburden my heart."

And maybe it is enough for us to unburden our hearts to each other without any urging. It also seems to be time for us to talk, for example, about where lines come from, why they are so tenacious and how we, for all that, are going to conquer the unconquerable.

"Store Managers Do Not Loaf About"

From a letter from Mariya Nikitichna Ivanova (Leningrad): What causes lines? The main thing is indifference towards people, towards their cares and needs. This indifference stems from deep-seated sources which were laid down long ago. They were created by the Stalinist system of administration-by-command and the role of man which he described as the "propeller" of this system. It was precisely the Stalinist period which gave rise to the band of indifferent people in all echelons of social spheres and social groups and subgroups. At the upper stages, indifference toward people is the result of the listed benefits which are still in effect, not only for the ranks, but for their family members as well.

The administration-by-command system gave rise to two other strata of indifferent people. One is made up of the many benefits available to the "elite," which some of

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them take from the pie, and the other is made up of the bribe-takers, embezzlers and scroungers who "know how to live," and the direct organizers of lines.

The trouble is that many leading officials fail to understand that lines are a dangerous social evil which breeds nihilism and undermines the foundations of socialism.

Some of us may still not be able to obtain goods, products, tickets, coupons, travel vouchers, apartments, telephone hook-ups, but there should be sufficient social justice in our country for all. Alas, we suffer most of our losses in the very area where we had counted on some victories—in the distribution of social amenities. This is illegal and unjust. And once someone obtains goods (services) outside the system, it means the rest, i.e., the people in the lines, can be treated in any manner whatsoever. They'll just have to put up with it. Little people!

It is as though the existence of benefits legitimizes the line and corroborates its right to exist in documented fashion. If disabled veterans of the Great Patriotic War, Heroes of the Soviet Union, Heroes of Socialist Labor and deputies to the USSR Supreme Soviet are served outside the line, then doesn't this really mean that all the rest dare not grumble, no matter how long they have to languish waiting? And the period of validity for these stored-up declarations is open ended. Will our children and our children's children really have to live with lines?

Through transformed Soviets of People's Deputies, which is what all those involved in this discussion-by-correspondence are hoping for.

Both for them and for others, the presence of lines should be a signal of concern, an indicator of serious trouble. If the people take power into their hands and force the Soviets to take care of their voters (and not to be exemplary executors of directives from above, from the party organs and even departments), the lines will be done away with.

For example, Moscow has 33 rayons. Ask the superior organizations how they operate and you will find out that some of them operate remarkably well, others operate well, a third group operates so-so and only the fourth group operates poorly. But ask the residents of these rayons the same question and they will probably rate their local authorities (including the ones said to operate "remarkably well") on a much lower scale. This is because superior organizations (including ispolkoms) are interested in meeting the plan indicators and the people are interested in the quality of their lives. The residents have practically no interest in how such things as, say, Rayon Day, are organized, whereas the rayon authorities rack their brains over such things day and night for a month (the money they've squandered!). So now they

gladly report back. But to whom? To the municipal authorities. They need to report back to the residents. Then thousands of rubles won't be spent in vain for "Days" no one needs.

People do not care whether the rayon carries out, say, its program for organizing trade fairs (ispolkoms workers are presently awarded Red Banners and bonuses for doing so). They have normal human concerns: purchasing high-quality products without worrying, spending the least amount of time necessary on visits to the doctor, paying their apartment rent without waiting in line, exchanging broken television parts without overpaying or long waits and not "hopping" from the cold while waiting at bus stops.

If we succeed in making the interests of people the main criterion for the work of the Soviets, and establish genuinely direct communications between them rather than "direct line" telephones which accomplish absolutely no good, then the lines will not survive. If we fail in the above—the lines will get even longer.

"Life without lines? We don't know; we've never tried it."

All that is social is destroyed when standing in lines. Lines shorten people's life expectancy and lower their morals and their birth-rate. And since the line is the dismal "privilege" of the lower, democratic strata of society—then they—the workers, peasants and the working intelligentsia—are the first to be corrupted by them. Why, it is asked, must the people, who are the most important bread-winner of all, and the primary producer of goods and services, be made to feel like poor relations who must spend their lives having their feelings of self-worth destroyed?

"I'm 40 years old, but I don't remember life without lines." "I am 50 years old...." "I am 65. I have brought up my children, and I am rearing my grandchildren. And all this time asking, 'Who's last in line?'" "Life without lines? We don't know; we've never tried it." "Lines are the cross most of us bear from the cradle to the grave." And finally: "Lines will not disappear as long as socialism exists. Socialism has caused them."

From reader V. Burchatov's letter: "Yes, this had to be heard. I believe this because everyone, first of all the Communist Party, must rise up to do battle with the major disgrace of our socialist society, i.e., lines. I suggest that the question of developing a program to eliminate the lines which humiliate the Soviet people and provide our enemies with a trump card be discussed at the 19th Party Conference."

PERSONAL INCOME, SAVINGS

Cost of Living Differential for Poverty Level

Needed

18270073a Moscow *TRUD* in Russian 26 Jun 88 p 2

[Article by A. Levin, senior scientific associate, USSR Academy of Sciences TsEMI (Central Economic-Mathematic Institute), and candidate of economic sciences: "Those Who Live "Below the Average"]

[Text] Does poverty exist in our country? Until recently, it was not even acceptable to ask this question, and official statistics, at the very least, were silent on the subject. It was believed that once society was granted free housing, free education, free medical treatment and other social guarantees it was as if it would have no particularly acute problems.

But now, with the advent of the epoch of *glasnost*, we have come to find out that almost 13 million people—22 percent—of urban families stand in line to improve their living conditions and that they have to wait long years for this improvement to come about. We have also learned that we rank 50th in the world in infant mortality, that 35 percent of all hospitals have no hot running water and about 30 percent have no sewer systems....Overall, as noted in the CPSU Central Committee Theses to the 19th All-Union Party Conference, improvements in the population's standard of living have been brought to a halt. A great many social problems have been neglected. And this has had a particularly telling effect on low-income families.

Unfortunately, even now our official statistics, unlike those of many other countries, still provide no data on family distribution vis-a-vis per capita income levels. It is difficult to say exactly how many Soviet people live on less than R80 per month per family member and how many on less than R50, even though the data are probably available....

Nevertheless, it is certainly a well-known fact that in 1986, 35 percent of our overall population earned up to R100 per month per person. But we can conclude, even from this, that the problem of a low standard of living, poverty, or moderate means, as we often say here, has become an acute problem for a substantial portion of the population.

Solving this problem has not only decisive social importance, but economic importance as well. Workers in low-income families cannot turn their ability into labor in a normal fashion because of the low demand for it. And this cannot help effect the final results of their labor, its quality and its efficiency (although there is no doubt also a reverse connection here). Thus, families with a per capita income of up to R50 per month need an average of 20 kg of meat and 66 eggs per year per family member.

These figures are lower by factors of 3 and 5 respectively than the average consumption indicators for those products for the overall population of the country.

The social program for the 12th Five-Year Plan period stipulates that by its end there will remain practically no families with an average per capita income of R50 per month. However, this still does not mean that the problem of poverty-level income will have been solved. The average per capita income level for families, which is lower than the level where what we call low-income begins, is increasing constantly along with the general level of national well-being and our society's economic potential.

As long ago as the end of the fifties and the beginning of the sixties, the low-income border "fell" somewhere around R30 per month per family member. After about 10 years it was already being defined as R50 per month per capita per family, at the beginning of the eighties had risen to roughly R70-80, and by the beginning of the next five-year plan period will evidently amount to R100 per month per family member. It is expected to go even higher in the future. This is why it is still too soon to talk about the complete elimination of poverty-level income.

What are the most effective means of solving the problem? According to existing assessments, poverty-level families comprise 40 percent of those families with minor children in which the workers earn low wages, 15 percent of the families with non-working retirees and incomplete families with children, and 30 percent of families with many children. These are precisely the categories of citizens in need of state aid.

Since families with workers earning minimum-level wages comprise a large segment of poverty-level families, it would seem necessary to raise this group's wages. In fact, this very measure has been proposed on many occasions. However, it is actually incapable of solving the problem and moreover has insufficient grounds for doing so. The fact is, not all families in which the worker earns minimum-level wages are families of modest means. A significant portion of these workers (about one-third) live in middle-income and even in well-to-do families.

In addition, substantially raising the minimum wage will distort normal wage relations for different skill-levels, which will hamper people's material motivation to improve their skill levels. Moreover, it will unjustifiably raise the incomes of many middle- and upper-income families.

Thus, the only reasonable way to solve the problem of poverty is by paying special-purpose grants to low-income families. This has to be discussed separately.

The most important of these special-purpose payments are those for children in low-income families. They were introduced as far back as 1974. However this proved to

be a half-way and inconsequential measure: it dealt only with children up to 8 years old in families with a per capita income of up to R50. The fact is, the outlays for food products for children from 7 to 15 years old is almost 40 percent higher than for younger children and clothing costs are almost 2-fold higher.

The question of extending the payment of these grants to children up to 12 years of age is being considered. But these problems are not being solved. I feel that the pertinent time period should be extended to include 16-year-old children, i.e., until puberty. And now to the amount of the grants. They are presently R12 per child, regardless of the income level of his family. Here, the following difference is extremely important: R12 is enough for some families, and for some families, R30 is too little. Payments to the least well-off families should be enough to raise their per capita income to at least R70.

The basic way to eliminate poverty in families of veterans receiving a minimum pension is by raising their minimum pension levels, a measure called for in the Party's social program and adopted at the 27th CPSU Congress.

But the daily lives of these pensioners is fraught with many problems which could be solved without involving any state moneys whatsoever. One problem is that of supplying them with basic foodstuffs. Families which include workers employed in public production, who have access to canteen services or buffets affiliated with enterprises, are allowed to place grocery orders. Pensioners' families are not given this benefit.

Special investigations have shown that pensioners obtain one-quarter of their food products at kolkhoz markets where prices are many times higher than those charged by the state. These additional costs could be eliminated by granting them the right to acquire scarce food products at state prices, a right which workers at large enterprises and institutions have via the order system.

As we do this, we also need to expand the services provided to solitaryaged citizens who live at home and are unable to work by those enterprises involved in trade, public catering and domestic services and by health-care institutions.

Still, the most radical way to eliminate poverty is to introduce a guaranteed minimum level of per capita monetary income for each family. At present, we have only a guaranteed minimum wage and pension. But this minimum fails to take into account that those persons earning the minimum wage and receiving the minimum pension may each have one, two, three or more dependents living with them. This cuts down the per capita income of these families by one-fourth, one-third, one-half or more. There are, in fact, families earning incomes of R40, R30 and even R20 per person per month.

The guaranteed minimum income is a social defense against poverty for families, and thus against the negative social, economic and moral effects of poverty. Any family not made up of parasites should be guaranteed a minimal income which secures its "right to life" and the right to reproduce itself with full value. Socialist society can, and is indeed obliged to guarantee this right to all families.

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FUELS

Roundtable on Developing New Equipment for Extreme Conditions in Tengiz Field

18220100a Moscow SOTSIALISTICHESKAYA INDUSTRIYA in Russian 14 May 88 p 2

[Report of roundtable, by V. Kremer and I. Mordvintsev: "Decided and Signed..."]

[Text] Last year SOTSIALISTICHESKAYA INDUSTRIYA wrote about progress in assimilating the unique Tengiz oilfield, whose reserves, according to the geologists' data, which are far from complete, exceeds 2 billion tons. Its significance for the country's economy can be compared only with the celebrated Samotlor in Siberia, but with this difference—the Tyumen giant has passed its peak capacity, while Tengiz's is still all in the future.

The great crude of West Kazakhstan puts the problem of creating new equipment that meets the requirements of the region's extreme conditions on today's agenda. How is this task, which is of national importance, to be solved? Our newspaper tells about what was discussed at a roundtable meeting on this subject, in which supervisors and specialists of Minnefteprom [Ministry of Petroleum Industry], Minkhimmash [Ministry of Chemical and Petroleum Machine Building], and Minpribor [Ministry of Instrument Making, Automation Equipment and Control Systems] of the USSR, and leading staff workers of these industries' institutes participated.

The majestic construction project in the desert literally had to start from zero, from the first peg driven into the shifting sands, which formerly formed the bed of the Caspian Sea. The great depths of deposition of the productive formations—about 5 kilometers, the monstrous pressure—over a thousand atmospheres, and the high hydrogen sulfide content (up to 25 percent)—lethally dangerous for all living things and destroys even steel—all this, taken together, did not dim hopes of approaching Tengiz with traditional measures.

However, the crude, as is well known, is a "lady" not accustomed to a long wait. The oil workers appealed to the proper authorities, and in the summer of 1981 the appropriate decision was made at the highest level. It gave completely specific assignments to all participants, and the who, where and what of precisely what should be done in order to break quickly the seal of this most huge underground storeroom were written down in detail. Including such a policy, which had worried everyone so much, as the creation of automated industrial installations and of instruments and means for controlling the preparation of oil and gas with an unprecedentedly high content of aggressive hydrogen sulfide.

Rather stiff deadlines were set, at the client's insistence, it being assumed that the tasks had been coordinated most precisely with all the managers of the interested ministries. So they seem to have set back calmly until the new equipment was sent, as if from a cornucopia.

But it was not sent. Not by the deadline and not later. An attempt to cut up the Tengiz unit in the spirit of administrative-order methods of control, which reigned absolutely at that time, ended up unsuccessfully. Here is how the roundtable participants explain it.

From the stenographic notes:

S. Toplov, Deputy USSR Minister of Petroleum Industry: "The design for developing the Tengiz field called for a scheme that connects the wells into a unified whole—the field facilities and the plant for scrubbing high-sulfur crude and extracting valuable chemical components. This requirement was presented to Minkhimmash and Minpribor. However, after a while it became clear to us that they were not coping with this task. Meanwhile, the deadline set by the government folded. Which is why it was decided to buy the first industrial line abroad."

V. Fedosov, Deputy USSR Minister of Chemical and Petroleum Machine Building: "Let's put everything in its place. We never before have produced equipment for oilfields with such a high hydrogen-sulfide content. Our plants and institutes received the tasks and undertook to carry them out. And it was observed here that Minnefteprom's original requirements did not come up to the modern world level. Actually three years were lost."

Yu. Malkhazov, Deputy Chief of the Main Scientific and Engineering Administration of USSR Minpribor: "We developed more than 40 types of instruments in accordance with the 1981 task. But then it turned out that half of them were not needed—they were not in the final design. Just in November of last year Minkhimmash sent us the latest, by count, list of the necessary instrumentation. There were tens of new instrument items that were not previously mentioned."

Right now major construction operations have been promoted at the Tengiz field. Installation of equipment for the first industrial line, which was given to Canadian, French and FRG firms is under way. A contract for purchase of the second and third lines are about to be signed.

It is natural to do business with foreign firms when it is less bothersome. The firms' personnel are, as a rule, obliging and everything ordered will be delivered on time. But at a painful cost! On the international market, crude oil—our chief foreign-exchange reserve—has fallen sharply in price. But oilfield equipment (especially that resistant to hydrogen sulfide) has increased in cost just as sharply. Will it take long to be ruined this way?

Nevertheless, it is important to have it out decisively and finally: is it worthwhile to count on Minkhimmash and Minpribor? Or, perhaps, to support the import policy longer? For, no matter how expensive foreign purchases are, it is still false to combine them with great expenditures on attempts to create our own equipment, the equipment actually being unique. According to the specialists, reliability should be "four nines". Just like space equipment.

From the stenographic notes:

S. Toplov: "Minkhimmash's potential demonstrated this example well. A modular gaslift station has been created at the Samotlor field that is on a par with the latest world achievements, the lapse between the idea and its implementation being only a year and a half. It was undertaken and it was done. Would that things were always like that!"

Yu. Kashitskiy, Chief Engineer of the TsKB [Central Design Bureau] of the Petroleum Staff of Minkhimmash: "There are no problems from the engineering point of view! In comparing our developments with the solutions of foreign companies, I do not see that we are behind them materially in any way. And then one must not forget that out of 500 units of equipment of the first operating line, our plant manufactured 117 on a subcontracting basis, none of them being trivialities but large-dimension items of equipment."

A. Dolganov, Chief of Glavsystemprom [Main Administration for Industrial Systems] of Minpribor: "The Kazakh NPO Neftepromavtomatika [Science and Production Association for Automation of Petroleum Industry Enterprises] has been designated the prime organization for Tengiz. Today we have been singled out for all the basic problems of creating an integrated system for controlling oilfield facilities and the plant. It calls for the comprehensive automation of industrial processes and equipment and ensures safe operation of the field."

And so, the allied workers assure us that in principle the assigned task is within their capabilities. Why, then, did Minkhimmash suffer defeat in the competition with foreign competitors?

Minnefteprom prepared interesting information for the roundtable discussion. Over several years, authoritative organs four times made decisions (the last one was issued a year ago) in which, in essence, one and the same task was posed. Only the deadlines were shifted, and these were broken with astonishing consistency. Literally, the fatal chain was a failure! And this involuntarily leads to the thought: has not some kind of principle been discovered here?

It is easy, naturally, to be smart after the fact. But indeed it turned out to be a fact that the previously assigned task about specifically what should be done and who should do it, and based upon good intentions and promises, was

thankless and unrealistic. The 1981 decision, which was adopted on the basis of incomplete, rough knowledge, was, it can be said, doomed to fail. Well, and then when everything became clear, what interfered?

Nowadays many things have changed radically in our economic life. But in the dust of perestroika, amid the din of talk about economic accountability and self-financing, the basically different economic mechanism of yesterday is successfully thriving and prospering. Client ministries literally storm the upper levels of administration, striving definitely to breach "their own" decree, in which all the stoppers and provisos are listed in numerous appendixes. Without this, they assure us, there is no way they will be able to "fulfill," "construct" or "assimilate."

They have become so skilled in this that in the products mix of Minkhimmash, for example, today there is emphatically not one item that is not "embraced" by decisions of high authorities. Everything is first priority, the one is more important than the other. Everything is prescribed from above.

Foreign companies are trying in every way to fight for profitable orders. Such a danger does not at present threaten our plants. But this is only one side of the medal. There is another.

As the oilfield workers and machinebuilders expanded their notions about the nature of the field, the whole complexity of the current problems overtook them, and they saw that they had not fully considered some things in their haste and had not put in a government document everything that was actually required. But instead of quickly "removing" the problems, their efforts were aimed at searching for justification and proof of outside blame. But meanwhile their work often ran on idle, as a blind, and for reporting purposes.

It was possible, of course, to go to USSR Sovmin [Council of Ministers] with a proposal for introducing revisions. But this was risky. Right off an unpleasant counterquestion arises: where were you looking? It is much more convenient and safer to stretch out the time and, waiting for a propitious moment and seeking suitable justification, quickly to begin preparing...a new decree.

From the stenographic notes:

V. Fedosov: "In my opinion, the practice of routing this sort of task through the country's Council of Ministers is not justified today. Maximum efforts go into preparation of the document itself: some of the preparers adjust, others are defensive, and passions simply boil. And then, everything is peaceful, as if the matter had been taken care of. As if the fact itself of the existence of this paper frees them from further work. The decree comes out not as a stimulant of vigorous activity but as a kind of 'cover' that will enable justification of inactivity."

A. Dolganov: "The whole trouble is that such decrees go into too much detail. We all try to stipulate, to regulate, and to schedule those who do the job. But then life introduces corrections which cancel the first-priority plans. From my point of view, such decrees should pose the problems in consolidated fashion, determine the means and methods for solving them, and establish the priority for the given problems. And later the developers, the designers and the performers, together with the client, refine it as necessary."

There is no disputing that a state capital program, balanced as to resources and time, is necessary for Tengiz. But a program, and detailed specifications. Reliance on omnipotent, assigned tasks that have not been worked out at the enterprise level and are not connected with their economic interest deprive the document of inner moving force, suppresses initiative, and deprives the enterprise of freedom of maneuver. Why wrack one's brains and seek better variants when everything has been decided and prescribed? And if things do not turn out right—any snag will prove to be useful in explaining the lack of success.

The issuance of all-embracing orders does not solve organizational problems either. Partners who have written to their ministries and are perplexed from the top are divided along agency lines. Bothersome branch barriers cause the difficulties of control to be multiplied by the square and the cube of them. And the business stumbles over the sharp ribs of these "squares" and "cubes."

And all these new trends force their way through. At the end of last year a step was taken toward overcoming this separateness. USSR Minnefteprom, Minkhimmash and Minpribor created within VNIIneftemash [All-Union Scientific-Research and Design-Development Institute for Petroleum Machinebuilding] the interindustry scientific and technical division (NTO) Tengizneftemash. It was vested with the functions of a prime subdivision for solving scientific and engineering problems associated with the development of highly reliable automated industrial lines for the Tengiz field.

Great hopes are placed on the new organizational structure. The future will show how justified they are. But already today many see the halfheartedness of this attempt of the allied workers to arrange direct interaction, bypassing ministry offices.

From the stenographic notes:

V. Kirillov, Deputy Director of Giprovostokneft [State Institute for the Design of Oil Enterprises in the Eastern Regions] and general designer of Tengiz: "The division is engaged in scientific developments and the preparation of design-development documentation. It does not directly affect production. Are we to be prevented from using the experience of the GDR, where the firm takes upon itself design development, manufacture, erection and tuneup? For this would be the modern approach!"

An independent economically accountable firm, capable of fitting out Tengiz with domestic equipment that cedes nothing to the world's best models. The idea is tempting! However, the roundtable discussion participants were very restrained in assessing the possibility of its practical execution.

11409

New Gas- and Oil-Bearing Area Discovered 18220100b Baku VYSHKA in Russian 22 Jun 88 p 2

[Article by S. Garayev: "A New Area Has Been Opened Up"]

[Text] The drilling brigade supervised by foremen Rauf Agabekov and Gabib Amrakhov of the Dzharly Deep Exploratory-Drilling Party opened up in the Milskaya Steppe a new oil-and-gas area—the Shykhbagi. This occurred after completion of the drilling of startup hole No 28.

The geologists and the drillers have been prospecting here for a long time. However, the first two attempts were unsuccessful. Holes Nos 22 and 27, which previously were drilled through, proved to be nonproductive and were written off. But this did not break the confidence of the geologists that the area was petroliferous. And now their persistence has been crowned by success. Hole No 28, the third by count, justified the hopes and forecasts. Because of precise calculations, the drill bit touched down at the designed grade through the efforts of the foremen themselves, as well as of driller Aliovsat Talybov, drillers' helpers Akif Bekirov and Goshgar Nasirov, electrician Tofik Mirzoyev and other brigade members.

"But we did not go to the designed depth," said foreman Rauf Agabek. At the 3,798-meter grade signs of oil and gas appeared, which we reported to the geologists, who unanimously decided to open up the formation here. Well completion went successfully. The well started to operate from the Maykop sediments as a gusher, which yielded more than 25 tons of crude and 50,000 cubic meters of gas per day. The oilfield workers of the NGDU [oil and gas recovery administration] Shirvanneft, putting the well on its books, rapidly laid a pipeline 3 kilometers long.

The drilling-brigade collectives supervised by foremen Nadir Akhmedov and Kyazim Askerov coped ahead of time with the commitments adopted in honor of the 19th All-Union Party Conference. The discoverers of the promising Dzharly area, they completed almost a month ahead of time the full cycle of construction of producing well No 26, which went into operation with a good commercial flow of crude. Drillers Uzbek Bakhshiyev and Israfil Magerramov, drillers' helpers Oktay Rasulov and Gyulaga Soltanov, electrician Insafali Samedov and other brigade members did their work well.

Right now the brigade is getting ready to transfer to a new section. Drilling of a new prospecting hole, No 6, with a designed depth of 2,800 meters, is to start close to the village of Uzeirkend, Agdzhabeninskiy Rayon. The area is promising, in the geologists' opinion.

On the whole, the Dzharly Deep-Drilling Exploratory Drilling Party collective has decided to turn over still another new producing well near No 6, in the Dzhasafly area, by the day that the forum of the country's communists opens. Right now it is undergoing completion.

11409

**Open Letter to Ministry of Gas Industry
Questions Reorganization**
*18220101a Tashkent PRAVDA VOSTOKA in Russian
3 Jun 88 p 1*

[Letter to editor by N. Khaliullin, chairman of the council of the working collective of the PO [Production Association] Mubarekgazdobycha; R. Tangriyev, secretary of the party committee; D. Bazarov, chairman of the trade-union committee; D. Kurbanov, equipment operator of Karaulbazar oilfield and Hero of the Socialist Union; and R. Nazarov, electric welder of Mubarek oilfield; and editorial-staff answer: "In Whose Favor Is Reorganization If An Economically Accountable Enterprise Is Deprived of Independence?"]

[Text] An expanded meeting of the collective's labor council was held a couple of days ago. The USSR Mingazprom [Ministry of Gas Industry] order, "Structural Changes within Sredazgazprom [Central Asian Gas-Recovery Association]," was discussed. According to the order, Mubarekgazdobycha [Mubarek Gas-Recovery Industrial Association] is abolished and renamed the Mubarekgaz Gas-Field Administration, having the rights of a structural unit but losing, in so doing, the juridical rights of a state enterprise.

This, it is confessed, was completely unexpected for us. For we had been assured of immunity of our rights to self-administration, which had been guaranteed by the Law on the State Enterprise. Article 9 of this law clearly stipulates: "All organs of state authority and control should in every way promote development of the economic independence, initiative and social enterprisiness of enterprises and their working collectives." And suddenly this freedom of action is under pressure from above....

The collective found out about the whole thing ex post facto, the decision was made in high offices without considering the opinions of those whose vitally important interests are affected. And, we are convinced, it runs contrary to the party line on democratization of all aspects of the country's life.

At first glance the ministry's order is dictated by the best of intentions: the necessity for improving the administrative structure and for converting to a two-level system. But is this actually so?

Since January of this year our association has been operating in an environment of full economic accountability and self-financing. Thorough preparations were made for converting subunits to the new management terms. The fulfillment of 1988 plans is ahead of schedule. Last year our association's workers recovered 55 percent of all the gas recovered in Uzbekistan. Oil recovery has increased. About 40 million rubles of profit were obtained—2.6 million more than had been planned. About 46 million rubles of capital investment for industrial and nonindustrial construction were assimilated. Basically through enterprise funds. Right now the Mubarekgazdobycha Production Association is operating 20 fields. In coming years, gas recovery will increase by 3 billion cubic meters and oil recovery by a million tons per year through the further buildup of facilities and the development of new fields.

In addition to the production of industrial commodity output, the PO Mubarekgazdobycha is doing work of a municipal nature—it is providing heat, water and electricity and is servicing and operating all the utilities for the whole city of Mubarek, whose population is about 30,000 people. The association has on its books three kindergartens, a dry-cleaning and laundry facility, a Pioneer camp, and 80 percent of the city's housing inventory.

One can imagine what our enterprise means to Mubarek. And suddenly it is "abolished." It is completely incomprehensible why a profitable enterprise has been categorized with ones that are poorly profitable and, at times, even losers. A paradoxical situation is being created wherein our association, which has state orders that are 102.9 percent of the five-year plan, is deprived of the status of a state enterprise, while enterprises that do not have a full state order in their mission still have the rights of a juridical person.

In December 1987 Mingazprom issued the order, "The General Scheme for Managing the Gas Industry," which abolished the VPO Soyuzzbekgazprom and organized the GPO Sredazgazprom and created anew a republic administration for gasification, and three months later we obtained a new order, which decided all at once the fate of the Mubarekgazdobycha Production Association.

But in practice, an unusual shift of signboards occurred that did not change anything in the three-tier management system. Under the new scheme there remain in both Tashkent and in Mubarek, as before, two control staffs. Thus, only the staff of the association, which is located in direct proximity to the gas and oil recovery facilities and is engaged in solving production and social tasks on the spot, is deprived of the juridical right of a state enterprise. Then Sredazgazprom, which is located

hundreds of kilometers from the production facilities, increased its staff and retained the newly created gasification administration. Where is the elementary logic? For recovery is the basic branch of the ministry, giving raw material to the Mubarek Gas Refinery and other enterprises. This large system—GPO Sredgazprom and all its subunits—would not have arisen were it not for blunders with recovery. However, according to the scheme, the gas-recovery enterprises Mubarekgaz and Shurtangaz turned out to have the rights of departments. What are all these tricks for? Perhaps in order to preserve the Sredgazprom managerial staff? For what, if not the profanation of a good idea, can inflation of the bureaucratic apparatus under the guise of reducing it be called? Again it is one with a plow, seven with a spoon. Alas, the chromosomes of bureaucratism are being observed even within the perestroika organism.

The PO Mubarekgazdobycha collective considers that the USSR Mingazprom decision is not constructive, since gas recovery is concentrated in Kashkadar Oblast, and dispersing enterprises and putting the center of control in the city of Tashkent will not meet demands for improving the control structure.

The economically accountable collective should, under the terms of self-financing, independently and effectively control its operation and have at its disposal the money earned. It is intolerable that one stroke of the pen will eliminate a highly profitable enterprise. An optimal variant for solving the problem is needed.

From the Editorial Staff. The question raised in the letter disturbs today not just the workers of the Mubarekgazdobycha association. It deprives the Shurtangaz collective of its independence, and it transfers its SMU-3 [Construction and Installing Administration No 3] subunit and the Mubarek RSU [Overhaul and Construction Administration] to Uzbekgazpromstroy [Uzbek Trust for the Construction of Gas Industry Facilities], which is stationed in Bukhara, and in essence it eliminates Uzbekgazhilstroy [Uzbek Trust for the Construction of Housing for the Gas Industry]. This is why many Kashkadar gas industry workers could subscribe to this letter.

Similar meetings have been held also by other gas-recovery and gas-refinery workers' collectives of Kashkadar. The burgeoning debates have shown distinctly that the opinion, "What comes to us from the top is more conspicuous," is a fragment of yesterday. This today, when the prudent proprietor is being awakened in people after a long hibernation, and workers are actively expressing their point of view, and protesting against attempts to prevent self-management. We listen to their arguments. For behind them are by no means parochial interests but a businesslike, sober approach to overall problems.

Moreover, the local budget of the oblast suffers from the reorganization called for by the USSR Mingazprom order.

Are these not grounds for serious reflection, and that means also for a considered approach to new innovations? For improvement of the management structure is not the payment of tribute to a vogue but a measure that organically combines state interests with the interests of the laboring collectives and the regions. What does USSR Mingazprom think about these grounds?

11409

ELECTRIC POWER GENERATION

Loss of Cadres Leads to Construction Delays

18220101b Moscow SOTSIALISTICHESKAYA INDUSTRiya in Russian 14 Jun 88 p 1

[Article by A. Kozlov, leader of a mechanics and installers brigade of MU-6 [Installing Administration No 6] of Mosenergomontazh [Trust for the Installation of Power-Engineering Equipment in Moscow] and member of the collective workers' council (Moscow): "We Want to Work Well"]

[Text] We acknowledge it frankly: we have begun to work badly, and that is bad! And not because the workers have on their own been "goofing off"—no, we want and we know how to work smoothly and soundly. Many of us have the highest qualification and the desire to participate in perestroika and to accelerate it considerably. But we do not have at the production facility the chief thing—normal organization of affairs, and that means order. And if there is no order and even if we are the masters of masters with the most golden hands, you get a plugged kopeck's worth from these hands although we can give a ruble's worth! And so our hands are left unclaimed. The shout or appeal is, "Let's go, let's go!" just to unplug a small hole in hot plans but not to do the real job properly. And there is only talk about economic accountability and self-financing, since, as it seems to us, even our supervisors do not know from which side to approach it.

At one time our trust, Mosenergomontazh [Trust for the Erection of Power-Engineering Equipment in Moscow] was a powerful organization capable of resolving major problems and introducing within a year several power units at once at different electric-power stations. Worker manning at each installing section reached 700-800 people. Now there are probably that many workers in the whole trust. And here is what is astonishing: the number of workers has been cut 6-fold to 8-fold, while the number of administrative workers of the trust and the installing administrations has remained the same, if in fact it has not grown.

One power unit, let us say, at TETs-26, where we are working right now, is being erected by all nine administrations of the trust, and yet it is being introduced with great difficulty. Of course it also happens that we introduce a power unit into operation even ahead of time, but all this is attributed basically to the use of the notorious

summarized accounting for work time (working 10 hours instead of 8 hours, catching up on Saturdays and even Sundays) and getting workers from other installing trusts of the PO [Production Association] Soyuzenergomontazh [All-Union Trust for the Erection of Power-Engineering Equipment].

Installers of two or three administrations work simultaneously in a single department, and this leads to confusion at the site and it hampers the correct use of load-lifting machinery. That is why endless operational meetings are held at which everyone agrees and agrees and relationships are explained, but there is still no trace of unified, precise supervision.

The client—the power station—another time (forgets) to order this or that pipeline or metal constructional structure and is completely unconcerned about the schedule for sequence of shipments of the equipment orders. Let us say that a pipeline that must be erected in a basement can be put in after the basement has been covered over, but sometimes the pipeline must be dragged in, dividing the part in half. It is not clear how these excess costs are to be charged.

A very important, most painful problem is personnel. For too long the trust has watched indifferently the progressive loss of personnel each year, especially of youth, but when this was realized it was already too late. The trust, it is true, has built a vocational school in Elektrogorsk, but the flow of youthful personnel on which they counted has not materialized. In the past 3-5 years, for example, there has been practically not one graduate of this school in our Installing Administration No 6. True, they all go to installing work in practice, but then they go to the army and they do not return to us. What is more, what parents will doom their daughters to life in the dubious hostels of our trust, few of which have been adapted for normal life.

Still another cause for loss of personnel is the drop in earnings. And how, given the existing planning and economics of the trust, is it possible to have steady earnings? As always, the annual plan is approved too late, without considering the capabilities of the manufacturing plants and the builders, who precede us. Following the example of this year, it can be said that during planning the old errors are committed again and no one bears any responsibility.

Turning to something new, in 1988 we started up the 6th power unit at TETs-26 with difficulty. True, this startup was fairly conventional, since the unit yielded 250 MW, but the Muscovites do not expect hear soon. Erection of the pipeline grids started just this year.

During the first quarter we had to plan operations for construction and installing work, but there is none and there cannot be any, since during this quarter the builders (according to plan!) have only begun to erect buildings for the future departments, and the plants have just started to manufacture the boilers, pipelines and metal constructional structure. What is there for us, the installers, to do?

So it is that, when there is no business, we seek out so-called overhaul work, and the operators give it to us unwillingly—we ask too much money for this. And so we have to ask for any work on a catch-as-catch can basis, but there still is not enough of it to provide an average wage. This is why our workers' first-quarter earnings dropped to the minimum (the schedule), while in the administration (a riddle!) there is still an overexpenditure of wages. And here we have driven ourselves into a blind alley with vast output per worker, working steadily for days without leaving the department during the prestartup and startup periods of installation. And how, after this, does one hold onto the few remaining worker cadre, without allowing them to dissolve into overhaul and operational organizations? And who is to blame in all this? Who is guilty for this happening to us?

In September of last year we put these questions personally to the minister, A. Mayorets. He promised to get to the bottom of it and sent us the ministry's chief of the Labor Section. He arrived, and we had a talk and we parted company. And what is the result? The fact that the wage fund was reduced from 4.6 percent of the budget-estimated cost of the operations last year to 3.23 percent this year. So, after this you complain to the minister!

And we indeed can do much more than we are doing and do it far better, moreover, under a restructuring of the economic mechanism. But the old system of control and organization of production hangs like a weight on our arms and legs. It has long been time to throw it away. But somehow attempts by our supervisors to solve this are not evident....And, however much we appeal to our supervisors for a radical restructuring of the work, everything is muddled!

11409

PIPELINE CONSTRUCTION, OPERATION

New Pipeline System Supplies West Mordovia
With Gas
18220103a Moscow SOVETSKAYA ROSSIYA in
Russian 6 Jul 88 p 1

[Unattributed TASS article: "The Blue Fuel Is Moving"]

[Text] Even quite recently the branches of the Mordovgaz Administration barely managed to supply the population in remote regions of the autonomous republic with cylinders of natural gas. They also had expensive, but less efficient types of fuel—crude oil, coal, peat and firewood—delivered here. The start-up of pipeline operations to three rayon centers at once—the cities of Kovylkino and Insar and the village of Atyuryevo—has solved the gas supply problem for the Western part of Mordovia.

It draws on the system of the existing large-diameter transit gas pipelines. All the distribution nodes were put into operation several months ahead of schedule, as specified by the obligations undertaken by the installers and builders to mark the 19th All-Union CPSU Conference.

The solution of complex equipment installation problems was achieved through enterprise and the utilization of reserves. The rayispolkoms received permission for work not stipulated in the five-year plans, and they ordered the designs. Upon the recommendations of the autonomous republic's Council of Ministers, groups of specialists from the regional, Volga-area subdivisions for gasification were sent to the rayons. Detachments of builders from the main pipelines also provided assistance; they freed up some labor by accelerating the schedule on their primary projects. As a result, within a few months more than 100 kilometers of pipeline were laid and receiving centers, along with protective devices were installed. And operators were trained for gas boilers.

The new natural-gas customers include enterprises, public services, kindergartens, schools, institutions and residential buildings. More than 150,000 kilometers of branch pipelines and distribution networks are already in operation. Gas is flowing through them to 675 boiler rooms and 300,000 apartments.

As of now five administrative regions of Mordovia remain without gas. Plans call for a natural gas pipeline to reach them within a year and a half to two years.

8543

Rezina Receives Yamburg Gas
18220103b Moscow SOTSIALISTICHESKAYA INDUSTRIYA in Russian 8 Jul 88 p 1

[Unattributed article: "Along the Path of 'Progress'"]

[Text] Gas from the polar regions has arrived in the Moldavian city of Rezina. Work has been completed on the laying of a branch pipeline from the "Progress" transcontinental pipeline.

The start-up of the main pipeline from Yamburg through Yelets to the Western boundary of the USSR has made it possible to double the deliveries of gas to the republic's economy and to accelerate the rate of gasification of its cities and villages.

Every year in our republic the "blue" fuel, which is utilized for production and domestic needs, replaces a quantity of coal and petroleum products which would have required more than 100,000 tank cars to transport. Kishinev and Tiraspol have auto service stations which supply natural gas. The development of a network of these stations has great significance for a republic in which motor vehicles are responsible for 90 percent of the transportation.

The use of gas improves the ecological situation as well. For example, the laying of the branch pipeline to the Moldavian GRES has made it possible to replace the black oil (mazut), which is used here, with gas.

8543

New Gazli-Chimkent Pipeline Operational
18220103c Moscow SOTSIALISTICHESKAYA INDUSTRIYA in Russian 7 Jul 88 p 1

[Unattributed TASS article: "The Gazli-Chimkent Pipeline"]

[Text] Through a new pipeline which crosses the Kyzylkum Desert natural gas from Uzbekistan is being brought to Chimkent, one of the largest industrial centers in the Kazakh SSR.

At the same time the delivery of fuel to the industrial regions of Kirghiziya and Tashkent Oblast has been increased. The laying of the pipeline, which has a diameter of 1,200 millimeters and extends 636 kilometers, was completed exactly on schedule as a result of good work by Glavreditneftegastroy [Main Administration for Central Asian Petroleum and Gas Construction] brigades.

The route of the Gazli-Chimkent pipeline was chosen so that it does not include a single bit of cultural lands nor a hectare of pasture land. All the work was carried out in an uninhabited desert zone. Skillful engineering design and the broad use of contracts made it possible for the builders—even under these conditions—to achieve high productivity and to complete the task with fewer people. In three years 185 million rubles were put to work.

The Gazli-Chimkent pipeline will provide a reliable supply of power and chemical raw materials to cities and plans in a vast region. The fuel shortage was acutely felt here during the winter period, when the greatest demands were made on power stations and boiler rooms.

8543

LABOR

Analysis of Wage Scale Experiment in Engineering Sector

18280076a Novosibirsk *EKONOMIKA I ORGANIZATSIIA PROMYSHLENNOGO PROIZVODSTVA (EKO)* in Russian No 6, Jun 88 pp 98-109

[Article by K.F. Pozynya, doctor of economic sciences, and A.B. Chubays, candidate of economic sciences, Leningrad Engineering and Economics Institute imeni Palmiro Tolyatti: "What To Pay an Engineer?"]

[Text] Today the collectives have been given extensive rights to select various systems of payment for labor. When developing and institute provisions that regulate this payment, it is useful to critically interpret the experience that has already been accumulated, particularly during the course of the Leningrad experiment in improving wages of designers and technologists. The articles offered to the readers here represent various viewpoints. They can help production workers and planners to find the most effective systems for organization and payment for labor.

People judge the radical economic reform primarily in terms of whether or not the wages of each worker are made dependent on his personal labor contribution. Of great interest in this respect is the experience (both positive and negative) accumulated in recent years in the transformations in the wages of scientific and engineering-technical personnel. And this is not so much a matter of the special role of specialists as of the peculiarities of their labor (creativity, lack of determination of results, unacceptability of formal evaluation) which, as production becomes more complicated and automated become the norm for other categories of workers as well. Therefore the experiments here are a testing ground for finding solutions that will be suitable in the near future for other spheres of application of labor as well.

Proposals for conducting in Leningrad an experiment on improving the payment for scientific workers, designers, and technologies issued from an awareness of the loss of the stimulating role of wages of specialists, its inflexibility, and the dominance of "equalizing" in it. There was also concern about the very level of wages and the fact that they were close to the level of wages of workers. While in 1960 the average wages of engineering and technical personnel in industry exceeded the wages of workers by 50.9 percent, in 1985 the difference was only 10.2 percent. The branch "Science and Scientific Service" during this period moved from first to fourth position among the branches of the national economy in terms of the average wages, having given way to construction, transportation and industry. This led to a reduction of competitions in the technical VUZes, an outflow of capable of youth from the sphere of scientific and technical activity, and a decline in the prestige of engineering and scientific labor.

At the basis of the unfavorable tendencies lay the lack of interest of enterprises and ministries in updating the products that were produced and raising their technical level. There was no socialist competition and there was no need to enlist talented scientists and engineers to work or to pay them well. The excessive bureaucratic centralization of the system of payment for engineering and scientific labor also contributed to this. The real possibilities for the enterprises to regulate the level of wages of the specialists were limited to a 10-15-ruble range of the salary and a rigid correspondence between positions in the table of distribution, and the maximum amounts of increments, additional payments and bonuses. Limitations on the growth of wages of scientific and engineering personnel were stricter than for workers.

Of course the wage level of any category of worker is influenced also by factors that lie beyond the wage system itself. These include the real limits of the consumption fund conditioned by the effectiveness of the national economy, and mistakes in the distribution of capital investments and the selection of directions for scientific and technical development. Thus the increase in wages for workers of unprestigious occupations as compared to engineering and technical personnel should be regarded as a forced measure, as the last means of rectifying errors in economic practice and social policy. What has been said does not mean that this relationship should be recognized as normal. It can reasonably be regarded as an indicator of other, deeper socioeconomic contradictions.

The Leningrad experiment (June 1983-December 1986) took place under difficult conditions: the national economy was actually in a state of stagnation, the rise in the standard of living had come to a halt, and gigantic disproportions had accumulated in the consumer goods market. Especially strict limitations on transformations in wages were imposed by the saturation of the national economy with money for payment as well as inflation tendencies. Therefore the traditional mass increase in wages for a large category of workers was not backed up by an increase in return from their labor and turned out to be unacceptable. A different path was chosen. The enterprises were to earn the additional funds necessary for changing over to the new conditions or they were to change over using internal reserves within the limits of the available wage fund. With this approach the main thing is to get away from equalizing in wages and each worker should be convinced that his earnings are determined by the results of his labor. Therefore the experiment envisioned expansion of the rights of enterprises to regulate the wage level for engineering and technical personnel. The organizations were given the right to establish any ratios of the number of workers for the various positions.

While before the experiment the wage fund for the scientific and technical organization was established by multiplying the planned number of workers by the planned average wages, according to the new conditions

it is strictly fixed and assigned to the subdivision with 50-120 people for the entire period of the experiment. As a result of economizing on the wage fund and reducing the number of workers increments and additional payments to the salaries were introduced without limiting the maximum amounts.

What were the results of the experiment? Even during the first 6 months 4 percent of the workers of participating subdivisions were released and, taking into account vacancies—6.8 percent. The wages of engineering and technical personnel participating in the experiment increased by 17.9 percent by 1985 while for the rest of the workers the increase was only 4.7 percent. There was greater differentiation of wages according to the personal contribution, increments were received by 30-40 percent of the participants in the experiment, and their amount ranged from 20 to 150 rubles a month. The experiment also had a favorable effect on the creative activity of engineering and technical personnel: during the period of the experiment the number of applications for inventions that were submitted per 100 workers increased by 20.8 percent.

The key issue in evaluating the results of the experiment is the increase in the productivity of the labor of its participants. Unfortunately, the results of the work of scientific research and design-technological subdivisions during those years were evaluated according to "gross output" at the basis of which lay the estimate of expenditures and not the real effect of developments. But if one allows that during the period of the experiment there were no essential changes in the ratio between expenditures and results, the increase in "labor productivity" calculated this way outstripped the growth of wages.

The changeover of all USSR industry in 1968 to the conditions for payment for the labor of specialists that are close to the conditions of the Leningrad Experiment also produced certain positive results. The wages of engineering and technical personnel and scientific workers increased, differentiation in payment increased, and some of the surplus workers were released. But practice refuted the simplified ideas to the effect that all one need do is remove the restrictions on wages and the incentive system will work.

It was assumed that certification of the workers would make it possible to get rid of surplus workers and obtain a significant savings on the wage fund which was necessary for introducing increments and additional payments. But these assumptions were not justified. Thus for the group of organizations we investigated, as a result of certification and the changeover to the new wage conditions the reduction of the number of personnel was only 0.7 percent. Of the savings on the wage fund necessary for changing over to the new conditions 87 percent was formed as a result of existing vacancies and only 13 percent as the result of an actual reduction of the

number of personnel. On the whole for collectives where there was a change in the wage system, more than half of the positions released were vacancies.

Encouraging Expenditures or the Results of Labor?

The question of what to encourage becomes especially significant in places where the results of labor do not have an expressed determined link to expenditures. A specialist who is encouraged in terms of the quantity and quality of expended labor develops a special kind of behavior. The main thing is to increase the labor-intensiveness of the work that is done and to obtain evidence of increased qualifications (diplomas, certificates and so forth). The inevitable reaction to this kind of behavior on the part of the administration is to attempt to regulate this labor in detail, to control the sequence, content, and quality of the performance of the work. Under these conditions the specialist is not interested either in simplifying the procedure for the development (this leads only to a new assignment) or in additional research which might improve results. Apparently encouragement for extended labor is permissible only for routine work that requires a minimum of qualifications of the performer, work whose volume is steadily decreasing as scientific and technical activity becomes more complicated, means of mechanization and automation of labor are introduced, and bureaucratic methods and forms of control of scientific research and design work are eliminated.

Conversely, the encouragement of an engineer according to the final results of his work forces him to accelerate the process of labor and to search for and actively apply progressive methods and devices. There is no longer a need for detailed regulation of the work and real possibilities open up for enlisting the entire human creative potential. But does the system of payment for specialists now contribute to encouragement for the final result?

As we know, today the earnings of the specialist are formed from the rate (salary) and the variable part. The latter includes bonuses for the development and introduction of new technical equipment and the fulfillment of quarterly plans, increments to salaries, and additional payments for combining occupations and positions. The salary reflects the cost constituent in the evaluation of the labor of the worker and the variable part is the result constituent. In order to be convinced of this we shall analyze the content of the qualifications characteristics which are a mandatory condition for holding a position and obtaining the corresponding salary.

The description includes three constituent parts: salary, requirements on the knowledge of the worker, and qualification requirements. The official duties are a list of the kinds of the worker's activity. The requirements for his knowledge regulate the volume and nature of information the worker must have. The qualifications requirements established the need for a scholarly degree,

a minimum work tenure, the existence of author's certificates, publications, and so forth. All three constituent parts of the qualifications characteristics regulate not the results of the work of the worker in any position but future expenditures and the process of his labor. The salary is assigned for the promised labor expenditures. Since cases of reduction of salary are extremely rare, payment for this part almost does not depend on how this promise is fulfilled. Herein lies the principle distinction of the salary of the specialist from the wage rate of piece rate workers for whom the amount of earnings is influenced by the category of work actually performed, that is, its difficulty. Payment for engineering and scientific labor acquires the features of pension support and creates conditions for dissemination of the so-called "unemployment on the job." Let us emphasize that this cannot be explained by mistakes in the qualifications characteristics since in principle it is impossible to describe in a normative document all the possible results of scientific and technical activity. This is a matter of the very approach by which a large share of the earnings are taken out from under the influence of the results of labor.

And the changeover of specialists to the new wage conditions everywhere allotted growth of salaries, the administration of enterprises used the savings on the wage fund mainly for these purposes and not for establishing increments. The data for the group of enterprises we investigated showed that the sum of money paid for increasing salaries exceeded the sum paid for increments by a factor of 4.3. This was especially clear to enterprises that had participated previously in the Leningrad experiment. While during the period of the experiment, according to our calculations, 90 percent of the savings on the wage fund were used for various increments and additional payments, when changing over to general conditions most of the increments were simply included in the new salaries.

It is possible to break this tendency and reorient the incentive system toward the final results of the work of scientific and engineering-technical personnel only with a sharp increase in the variable part of their wages. The essence of proposed strategy can be briefly represented by the formula of increasing earnings without increasing salaries.

This concludes and contradicts the widespread idea of the need to increase the proportion of the rate in the earnings. It is justified by the principle of equal pay for equal labor. But one must answer the question of what they have in mind when they say equal labor: equality of expenditures of labor or equality of its results?

When expenditures and results because of the nature of the labor are simply linked, it is not so important which one is paid for. For example, when we encourage a worker on a conveyor for each hour he works we are well aware of how many items he will assemble during this time. All we need do is verify their quality. The situation is different with the labor of a specialist—because of the

uncertain connection between expenditures and results, equal payment for equal expenditures of labor will not stimulate effectiveness of scientific research and experimental design work. The Law on the State Enterprises states that the wage fund is formed in direct dependence on the final economic results of the activity—profit or net income. This means that individual payment for scientific and engineering-technical workers must also be linked to the final results. The society has no other sources for paying for the labor of its members than the results of their labor. This truth, which was obvious for the country as a whole, should find natural expression at the level of the enterprise and of the individual worker.

What has been said should not be understood as an appeal to completely abolish the salary. Its function in stimulating the qualifications of the specialist is objectively necessary. Eliminating the constant part of the earnings of the engineer or scientific worker even while retaining the overall level of payment would weaken the interest in developing highly effective but risky projects. Therefore, in our opinion, we should speak only about shifting the boundary between the permanent and variable parts of earnings in favor of the latter.

It would be a mistake to interpret the suggested conclusion as suitable for all kinds of scientific activity. It is unacceptable, for example, in fundamental science where it is difficult to evaluate economic results.

Unfortunately, in the system of payment for engineering and scientific labor we have not yet fully overcome the fear of giving "excess" rights to the collective. Thus the payment of increments in independent scientific research institutes and design bureaus is permitted not for all workers but only those who are working on the "most complex and responsible" projects, a list of which should be established beforehand. The expenditure of increments "on projects" contradicts the fact that the fund for economizing on wages is formed in the structural subdivisions—laboratories, sectors, and departments. The latter today have lost their interest in reducing the number of workers since they do not have a guarantee but the savings they achieve will be redistributed.

The existing restrictions on the maximum amount of increments cannot be considered justified. They directly contradict Article 14 of the USSR Law on the State Enterprise (Association) which establishes that "the earnings of each worker are determined...by the personal contribution...and the maximum amount is not limited." The dangers of possible abuses are fully ruled out by the practice of the Leningrad experiment in paying designers and technologists, the conditions for which were envisioned payments of increments without any restrictions.

Evaluate, But How?

Any transformations in the wage system could turn out to be futile if they were not based on an objective

evaluation of the activity of the workers. The question arises of whether or not real prerequisites for this exist in the sphere of scientific and engineering activity.

With centralized regulation of payment for labor, it is possible to use exceptionally formalized, easily verifiable quantitative indicators. But they are not very suitable in the sphere of scientific research and experimental design work. It is known, for example, that the number of blueprints, specifications, or pages of text cannot measure the quantitative results of the labor of the designer. Nor does the introduction of indicators for the innovation of a development or its scientific and technical level solve the problem. They pertain to the development "as a whole" and not to the results of the labor of an individual developer. And their true significance can be revealed only by the demand for development on the part of potential consumers.

Decentralized regulation of the payment for the labor of specialists, conversely, allows the utilization of poorly formalized and unformalized information contained in the evaluation of the contribution of each person by his colleagues. Naturally, and it is important to emphasize this, such an evaluation can be objective only under the conditions of complete cost accounting when the collective is interested in the results of its labor and in increasing cost accounting income. If this interest does not exist, what comes to the fore are personal sympathies or antipathies and equalizing takes over.

Nor can one fail to take into account the danger of voluntaristic distortions of the level of wages of individual workers caused by a poor attitude on the part of managers of subdivisions or poor qualifications of the latter. Incidentally, the practice of many scientific research institutes and design bureaus has developed effective ways of overcoming this danger. These include, above all, openness in the establishment of the wage level and the creation of councils of subdivisions that are responsible for the preparation of drafts of decisions concerning questions related to the payment for labor. Under cost-accounting conditions, there is feedback: a collective that has not been able to evaluate a talented but unlikable worker risks being deprived of its income with his departure.

In the sphere of applied research and development is it possible to use normatives for evaluating the work of specialists? For there are still widespread ideas that norms are unacceptable here because of the creative nature of the labor. From our viewpoint it is equally dangerous to overestimate the role of normatives and scientific research and experimental design work and to ignore them completely. Normatives must be understood as rough evaluations that give probable information about the amount of the expected labor expenditures. Practice has demonstrated the complete unsuitability of interbranch standard time norms for design and technological jobs without coordinating them with local conditions. And we must not forget about the

fact that in any scientific or design organization there are "generators of ideas" and it is simply inexpedient to norm their work. According to our estimates, every fourth worker in branch science is one of these. To give them incentive during the course of the Leningrad experiment they were paid special increments which were determined not by the normed labor-intensiveness but by the evaluation of the department council.

An objective evaluation of the labor contribution is important not only for the individual worker but also for the collective as a whole. This pertains primarily to the policy for forming the wage fund. Numerous attempts in recent years to change it over to normed planning depending on the volume of work performed have not produced practical results. Since this volume is nothing other than expenditures on research and development, the normative calculation of the funds from the volume inevitably motivated the collectives to increase expenditures. One cannot agree with the decision of certain ministries to use this clearly outdated policy when changing scientific organizations over to cost accounting.

Problems that are quite familiar in planning production—individualization of normatives, their stability, and the ignoring of these in real planned calculations—have also been manifested in the sphere of branch science. An investigation we conducted in 1985 in a number of organizations of three machine-building ministries did not reveal a single case of normative calculation of the wage fund in keeping with the established requirements. The practice proceeded in the well-trodden path of planning from the level that was achieved and the wage fund was determined on a cost basis by multiplying the number of workers by their average earnings. This policy is especially intolerable under conditions whereby there is a sharp expansion of the rights of organizations to expend this fund. In order for the wages of each worker to be earned, the entire wage fund must be earned by the collective. The best way to achieve this is to link it to the total funds earned by the entire organization, that is, with revenues from the sale of scientific and technical products.

Experience has demonstrated the need to reject the cost evaluation of the volumes of applied research and development that have been performed and to change over to calculating it in prices for scientific research and experimental design work. But for real acceleration of scientific and technical development, it is important to reflect in the prices the consumer evaluation of the developments and their usefulness. It is difficult to agree with proposals concerning the establishment of prices for scientific products as the sums of expenditures on their development and previously established normative profit. This plan in its worst form assumes the features of the justifiably criticized cost price setting. The principal prerequisites of the possibilities of the consumers to influence prices of scientific research and experimental design work have been included in the Law on the State

Enterprise. In order to exercise these rights it is necessary to apply contractual prices extensively. Here it is necessary to envision the use of documents produced by certain ministries that regulate the policy for price setting for scientific research and experimental design work. Instead of being prescriptive and directive, they should be informative and consultative. Their function should be to render assistance to developers and clients in evaluating the economic consequences of the selection of one price level or another.

Problems Are Resolved—Problems Remain

Centralized regulation of the payment for the labor of specialists which preceded the introduction of the new system created a "conciliatory" influence on the sociopsychological climate. Workers became accustomed to their salaries and to the salaries of their colleagues, and a change in salaries of 5-10 rubles did not cause serious reactions. The lack of conflict in the old system of wages was the reverse side of its poor results. It is not surprising that 68 percent of the workers we questioned in one of our scientific research institutes noted that the changeover to the new conditions for payment for labor were accompanied by a disturbance of the sociopsychological climate. Conflicts actually do arise in places where, according to the pointed remark of G. Kh. Popov, wages have become a way of obtaining unearned income.¹ They should be regarded as an indicator of the restoration of social justice. Optimistic reports concerning the changeover to the new conditions for payment without conflict in one organization or another make one doubt that these changes have actually taken place in their work.

The questionnaire showed that even a year after the beginning of the Leningrad experiment when the first experiences had become easier and the mechanism had been adjusted, 24 percent of the participants expressed an uncertain or negative attitude toward the experiment.² Let us recall that the conditions of the experiment practically did not envision a reduction of earnings. The main reason, apparently, was lack of desire to increase their labor output even for additional payment.

Incidentally, there are quite a few engineers and scientific workers who would like to work in risky areas that require greater intensiveness and provide many times greater earnings if the results are successful. A unified system of wages does not allow this. Apparently it is time to deal with the question of the great diversity of forms of payment for the labor of specialists. Various kinds of introduction firms, contract collectives, and management consulting centers that are operating according to principles of complete cost accounting and also engineering and inventors' cooperatives should not limit salaries to the bed of Procrustes of current salary plans. The legitimate system of taxation is the only possible regulator of the level of the wages of their workers.

One of the sources of payment for the labor of engineers and scientific workers is a special part of the wage fund of the client—the nonstaff fund. Under the conditions of complete cost accounting centralized establishment of its amounts and rigid regulation of the policy for its utilization are meaningless. The directive evaluations in effect today for payment for labor from the nonstaff fund either lead to exaggerating the volume of workers performed or undermine the interest of the developers in performing it. Equally senseless and sometimes harmful was the restriction of the maximum earnings of a consultant to half of his salary. The right to establish rates should be turned over to the enterprises themselves so as to bring the level of wages closer to equal in keeping with the natural relationship between supply and demand and the consumer evaluation of the quality of the work that is performed. The main guarantee of the substantiation of payment and the inadmissibility of abuses will be the interest of the enterprise's collective in effective utilization of cost accounting income.

It is apparently time to raise the question of adding to the Labor Code a norm that permits a temporary reduction of the salary when a worker fails to fulfill part of his duties. This measure is less severe than a revision of the salary until the next certification. It has been introduced, for example, in Bulgaria where they envision the possibility of reducing the salary for management workers and specialists by up to 80 percent.

Sometimes misgivings are expressed concerning the idea that the removal of any restrictions from wages will generate unrestrained differentiation. These are based on existing ideas concerning the "usual" level of wages of individual categories of workers. But these are precisely the ideas that must be changed during the course of the radical economic reform. The evaluation of the permissible level of wages of one worker or another has meaning only in the context of the results he obtains. As for the ranges of payment themselves, their amount can be effectively regulated by such economic levers as tax rates, normatives for the distribution of cost accounting income into consumption and accumulation funds, and so forth. Summing up the results one must note that the introduction of the new system for payment for engineering and scientific labor was begun even before the development of the radical economic reform. While on the whole corresponding to its spirit, the wage system is in need of further improvement.

Footnotes

1. G.Kh. Popov, "Restructuring in the Economy," PRAVDA, 21 January 1987.

2. Kalinin, V., and Tsybller, L., "The Leningrad Experiment: What Sociological Research Showed," SOTSIALISTICHESKIY TRUD, 1985, No 4, p 99.

COPYRIGHT: Izdatelstvo "Nauka," "Ekonomika i organizatsiya promyshlennogo proizvodstva," 1988.

Current State of Co-op Movement Reviewed
18240117 Moscow SELSKAYA ZHIZN in Russian
28 Aug 88 p 1

[Article by A. Kostyukov: "The First Billion"]

[Text] An obvious sign of restructuring in our economic system is the cooperative movement. Two years ago cooperatives were "socially exotic" elements, but today there are tens of thousands of them. Incidentally, here is the precise figure: on 1 July, according to the data of USSR Goskomstat, there were 32,561 cooperatives operating in the country, and 458,700 people working in them.

Today this is the most dynamically developing sector of the national economy. In six months, the number of cooperative enterprises increased by a factor of 2.3. The increase in the volume of goods and services that they sell is also sizable. While in all of last year it was estimated at 350 million rubles, in the six months of this year it passed beyond a billion. We mark this first cooperative billion as a prominent landmark in establishing the cooperative market for goods and services, and indeed our entire home market.

Judging by mail from our readers, the population has already formed a stereotyped image of a cooperative worker. The image, to put it delicately, is not a very sympathetic one. For most of the inhabitants, especially the rural ones, the cooperative worker is a big bronzed fellow—a "shashliknik," who would be better suited to poke, not at an oven, but in a stone quarry. In reality, for the first wave of cooperative workers, public catering was the most attractive sphere of activity. Now, however, it can be stated: this bias, if it can be considered a bias—is a temporary phenomenon. Right now the proportion of cooperative workers in public catering is less than 16 percent. The largest detachment of cooperative workers—179,800 persons—works in everyday services. With respect to gross production, cooperatives engaged in consumer goods production hold first place. The trend is unquestionably gratifying, for the shortage of commodities and services is what worries the population, particularly rural, above and beyond everything else.

In the Russian Federation, cooperative workers have sold, in six months, goods and services estimated at 3.35 rubles per capita. They sold 26.5 million rubles worth of ready-made garments, 15 million rubles worth of knitted garments and 7.4 million rubles worth of footwear. Some 40 percent of the republic's cooperatives are developing the everyday living sphere. The basic form of service is housing construction and repair. The number of trade-purchase cooperatives coming forth as intermediaries for the owners of rural subsidiary farms is growing. True, on the whole there are still not quite enough of them—only 700.

Another characteristic is the gratifying detail that half of those employed in Russian cooperatives work in them under the conditions of doing more than one job, "for a second shift."

Basic Indicators of Co-op Activity by Union Republics on 1 July 1988 (data from USSR Goskomstat)

| | Number of Active Cooperatives | Volume of Goods (Services) Sold Since Beginning of Year, in million rubles |
|-----------------|-------------------------------|--|
| USSR | 32561 | 1037.3 |
| RSFSR | 16324 | 528.0 |
| Ukrainian SSR | 5269 | 151.8 |
| Belorussian SSR | 1383 | 27.5 |
| Uzbek SSR | 1326 | 49.6 |
| Kazakh SSR | 1539 | 40.4 |
| Georgian SSR | 1163 | 50.9 |
| Azerbaijan SSR | 650 | 16.1 |
| Lithuanian SSR | 917 | 26.8 |
| Moldavian SSR | 648 | 26.6 |
| Latvian SSR | 540 | 35.2 |
| Kirghiz SSR | 568 | 13.0 |
| Tajik SSR | 420 | 8.0 |
| Armenian SSR | 947 | 34.4 |
| Turkmen SSR | 258 | 6.3 |
| Estonian SSR | 609 | 22.7 |

It can be seen from the published table that our cooperative movement is developing extremely unevenly. In little Georgia, let us say, the cooperatives produce more goods and services than in Turkmenia, Tadzhikistan, Kirghizia and Azerbaijan put together, even though all these republics are filled with work hands that have no permanent employment, and have sufficient raw material and other resources. What is lacking? Initiative? Yes, most likely. It is probably not due to the people of these republics, however, but to the local authorities, who continue to regard cooperative workers as suspicious strangers from an alien world.

Meanwhile, in the regions where cooperation is evolving in an atmosphere of trust, it is entering a new phase of development, by being formed into cooperative unions and associations and organizing its own self-administration. Armenian cooperative workers, for example, were the first to form a republic council of cooperatives. There is quite recent news: the other day the first cooperative bank in the country was registered. Its "parents" are members of the Chimkent Oblast Association of Cooperatives. The bank's main function is to advance credit to cooperative enterprises and act as broker in accounting operations between them. Requests to register similar banks have come in from a number of RSFSR oblasts. In a word, cooperative operations are beginning to acquire the status of an independent section of the national economy, with equal rights.

ORGANIZATION, PLANNING, MANAGEMENT

**Topics at Central Committee Machinebuilding
Meeting Summed up**
18230069 Moscow *EKONOMICHESKAYA GAZETA* in
Russian No 29, Jul 88 p 8

[Article by A. Leshchevskiy: "The Strategy of Machinebuilding"]

[Text] As the press has already reported, a conference was held in the headquarters of the CPSU Central Committee to take up the issues of structural policy and priority lines of development in machinebuilding. The participants were directors, specialists, and scientists of leading enterprises, scientific research institutes, and design offices in the machinebuilding complex, ministers and senior officials of central agencies, and secretaries of the central committees of the communist parties of the union republics, kraykoms, and obkoms and also of ministry party committees.

This is the 3d year now that machinebuilding has received the riveted attention not only of specialists, but of all those who have been following progress in the restructuring of the country's economy. Nor is this any accident: it has a key role in shaping the new structural policy of domestic production. Without the most up-to-date machines and equipment, models equal to the best abroad, success will not be achieved in radical change of the state of affairs in either chemistry, power engineering, agriculture, or construction. That is why the machinebuilding complex has been set such formidable tasks: to attain the corresponding world level of 90 percent of its most important products by 1990 and 100 percent by 1993. By the end of the current 5-year period a level of annual renewal of technology of 13 percent is to be attained (in the advanced capitalist countries even today it ranges between 14 and 17 percent), and the time required for development is to be shortened to between one-third and one-fourth of what it is now.

Has the complex been coping with these tasks? N.N. Slyunkov, member of the Politburo of the CPSU Central Committee and secretary of the CPSU Central Committee, remarked in his speech at the conference that the processes of restructuring are having a hard time in machinebuilding. And although the first results have been achieved, there has still been no radical turnaround in scientific-technical, economic, and social development. In many respects the complex's economy is continuing to travel the extensive road. Underdelivery of products under contract has already built up to 4.5 billion rubles since the beginning of the 5-year planning period, and 38 percent of machinebuilding enterprises have not kept up with their deliveries. Last year, the plan was fulfilled for only 24 of the 150 line items on the list of the most important products. Light industry has failed to receive one-fourth of the equipment planned for it. And there is practically no branch or sector of the

economy whose needs for equipment have been fully met. The share of machines and equipment in domestic exports does not exceed 15 percent, while they represent 40 percent of imports. Of the 2,700 new product designations created in 1987, only 9 percent exceed the world level.

This rundown indicates that a new structural policy is necessary in the machinebuilding complex itself.

Priorities

The essence of any structural policy is identification of priority directions. That is, those links which can be grasped to pull out the entire chain. For instance, successful performance of the housing program and development of various sectors of the economy depend on the capabilities of the construction complex, and the latter in turn are determined to no small degree by its technical adequacy. That is why the decision has been made to double capital investments in enterprises of USSR Minstroydormash during 1989.

In all, as I.S. Silayev, deputy chairman of the USSR Council of Ministers and chairman of the Bureau for Machinebuilding of the USSR Council of Ministers, noted in his speech at the conference, 44 main directions have been defined and are aimed at furnishing up-to-date equipment to the basic complexes of the national economy. Without naming them all, I.S. Silayev singled out electronics in particular. The neglected state of this branch has created considerable difficulties in instrumentmaking and machine tool building. M.S. Shkabardnya, USSR minister of instrumentmaking, automation equipment, and control systems, emphasized that there is a specific shortage of 30 million IC's for the sharp increase in output of computers so necessary to the economy. In order to eliminate the shortage the instrumentmakers will be building their own capacity with their own resources, but substantial centralized capital investments will also be indispensable.

V.M. Velichko, USSR minister of heavy, power, and transport machinebuilding, saw this as one other strategy for successful solution of priority problems: cooperation with future consumers. The specific reference is to the production of equipment for continuous steel casting. We are lagging substantially behind the advanced capitalist countries in this respect. Whereas we use this method to produce 16-18 percent of the steel, in Japan the figure is 100 percent. During this and the next FYP some 60 fully equipped units are to be produced.

The machine tool builders also intend to call upon the help of their partners. N.A. Panichev, USSR minister of machine tool building and tool industry, spoke about plans for organizing a consortium with USSR Minavtoprom and one of the Italian firms manufacturing automatic production lines. The automotive industry would be first to receive the new equipment.

That probably could be a way of increasing the manufacture of finishing equipment as well, the need for which in the country is being met at a level of no higher than 45 percent.

Ye.A. Brakov, general director of the Association "AvtoZIL," said "we have had to purchase finishing equipment abroad for the first phase of diesel production. In terms of quantity it represented only 11 percent of the total number of machine tools, but 60 percent of the value of the entire production line was set aside for it. We had to pay foreign exchange for it, there is none of our own. That is the kind of equipment to which priority needs to be given, to create all the conditions for sharply augmenting its output."

In all, as noted at the conference, half of all the financial resources of the machinebuilding complex will be allocated to solve the priority problems.

The Scientific Component

As already noted, by 1990 a level of 13-percent renewal of equipment is to be achieved. In 1985, we might mention, the level was 3.1 percent, and in 1987 it was 9 percent. A comparison of these figures might create the impression that this goal will be easily achieved. Alas, that is not the case. The very rapid growth at the beginning of the 5-year planning period was possible thanks to utilization of scientific spadework done in the past, and that has already largely dried up. And if in that same 1987 2,800 new products were put into production, only 2,700 were developed. So that the number of developments has to be tripled to attain the level of 13 percent.

A task that is not a simple one in the least when one takes into account that the capital-labor ratio in domestic machinebuilding science today is 6,300 rubles per worker. This is an order of magnitude less than what it is in the advanced countries. I.S. Silayev emphasized in his speech that it must be brought up to 16,000 by 1990. Here again centralized measures have to be combined with local initiative. Wherever that initiative has been displayed in the past, the results contrast sharply with the average level. For example, in the Leningrad PO "Elektroapparat" the capital-labor ratio is 36,000 rubles per worker, whereas in VNIIDmash it is only 2,000.

The most acute problem in the science segment of the complex, said I.M. Bortnik, first deputy chairman of USSR GKNT, are the experimental production facilities. Today their activity is planned as part of the sphere "industry," which is why the scientists often end up without a testing facility where they might run-in their developments. This detracts greatly from the effectiveness of their work. Plans for experimental production facilities need to be shaped according to the same principles as for science.

"In Moscow there are now 127 scientific organizations with a total staff of 110,000 persons," were the figures given by O.A. Korolev, secretary of the Moscow City Committee of the CPSU, "and they have only 43 experimental plants (and in many cases these are quite small facilities) with a labor force of 28,000. What is more, half of them are being used for series production. In our view, a scientific organization which does not have its own testing facility should simply be shut down. We are 'killing' the engineer who is there, we are turning him into a compiler of reports."

The idea that institutes that are not showing results need to be shut down was expressed repeatedly at the conference. There were even these proposals: reclassify some very small enterprises as experimental production facilities attached to scientific research institutes, and move some institutes closer to the production they are related to. It would seem that all three things could in fact be done simultaneously.

There is also a need to strengthen the next link in the "science—production" chain—design.

"Our designers today are craftsmen who work with a slide rule," was the apt comparison which B.I. Fomin, chairman of the Board of the Intersector State Association "Energomash," hit upon. "They do not have computers, automated work stations, or CAD systems."

"And information support is still lagging way behind," said V.A. Shurinov, general designer of the Association "Gomselmarsh," to back him up. "We have been receiving practically no topic reviews, and the foreign know-how is regularly out-of-date when it arrives. We might broaden our horizons at international reviews, but for some reason plant designers are not sent there. Not a single designer has gone to the international salon in Paris, where feed-harvesting equipment is represented most completely, during the last 5 years, although delegations from our country have always gone."

Many raised the problem of improving the competence of Soviet engineers; unless that problem is solved, it is difficult to anticipate a substantial acceleration of scientific-technical progress. K.V. Frolov, vice president of the USSR Academy of Sciences, shared his thoughts about using for this purpose contacts with the American Society of Mechanical Engineers. As he put it, it is possible and necessary to find an opportunity to send our specialists to learn in the United States.

There are also other ways of improving their knowledge which are being poorly utilized at present. In many foreign countries lectures are presented for engineers in VUZ's during the student vacation. In addition to that, visits to progressive enterprises are organized. In a short time people receive concentrated information about recent advances in a particular field of science and technology. This kind of knowledge is far more effective than passing the time in courses for improvement of

qualifications for which there is little equipment. What stands in the way of organizing this kind of learning in Moscow, Leningrad, and Novosibirsk?

Even Though They Did Not Figure in the Plan

It is a particular characteristic of capital investment policy in machinebuilding during the present stage that new construction and reconstruction are coming to have equal rights. Retooling of enterprises was assigned 37 percent of resources in 1985 and all of 54 percent in 1987. And in the current year at least 55 percent of capital investments are to be committed to those purposes. So long as we are talking about new construction, capacities will be built so as to take into account the 44 priority directions that have been outlined. Moreover, emphasized O.G. Anfimov, USSR minister of electrical equipment industry, there is no need to fear that adjustments will be made in the 5-year plan during fulfillment.

"For example, we will build a plant for the production of diesel engines in Leningrad," said Minister V.M. Velichko, "although it did not figure in the 5-year plan. This will, of course, slow down solution of certain other problems, but there is nothing terrible in that. We have to concentrate on the main thing."

But that kind of concentration of energies will be successful only if the right conclusions are drawn from the experience of building the facilities of machinebuilding during the current 5-year planning period. Every year 16-17 percent of the capacity planned is not activated because deadlines are missed for starting up complexes. Capacities whose products consumers are already waiting for. This, of course, could not but have an effect on the smooth operation of enterprises in the group of branches affected. As a result, unfinished construction has grown, and the number of projects under construction at the same time has not decreased.

"The construction complex has given priority to machinebuilding projects," said Yu.P. Batalin, deputy chairman of the USSR Council of Ministers and chairman of USSR Gosstroy, in his speech at the conference, "but at present one does not sense that the machinebuilders themselves are concerned about activating them as speedily as possible. The startup of 82 percent of the capacities planned for the current year has been relegated to the 4th quarter. The reason lies in delays in equipment deliveries. This problem was acute even in January for 13 construction projects. Work collectives have proposed that they be dropped from those to be activated this year, but the customers refused—these are priority directions. But so far they have not done anything about the equipment. So priority is not being effectively guaranteed."

There is also another aspect of the problem—what we are building. A sample check of the designs of machinebuilding projects showed that only 17 percent of them met the world level. Which means that we are trying to rebuild "yesterday."

Only an Interrelated Set of Measures

Analyzing the state of affairs in the machinebuilding complex, I.S. Silayev, deputy chairman of the USSR Council of Ministers, cited these figures: above-allowance stocks of raw materials and supplies amount to 5.6 billion rubles. If they were all put to economic use, supply problems would be solved.

The managerial apparatus has grown out of proportion: for every 100 workers in the complex there are 9.3 managers, supervisors, and employees. The wages alone of this army of administrators amounts to 1.5 billion rubles a year. Thus a 40-percent reduction in administrative staff is necessary not only in ministries, but also at enterprises.

These problems are being solved effectively where vigorous use is being made of the opportunities offered by the new economic mechanism. Such as broad introduction of the collective contract (Minsk Tractor Plant, "Uralmash," "Zaporozhtransformator"), the lease (Moscow Low-Voltage Apparatus Plant), and creation of cooperatives.

Stock as a form of worker participation in the affairs of their own plant deserves particular attention. The Lvov Production Association "Konveyer" has become the country's first state joint stock enterprise. Its general director V.M. Volokzhin told the conference about how the PO's workers had changed their attitude toward their work. Already the Quality Emblem has been awarded to 93 percent of the products produced, and the introduction of state acceptance had no effect at all on the pace of operation. The Lvovites plan to exceed by 20 percent the growth of production planned for the 5-year planning period.

"The people in the ministry are asking us: Where are you rushing off to, but we simply cannot stop," Volokzhin said, not without pride. "We have no problems with personnel whatsoever: there is a waiting list of people who want to be hired."

In short, advantage needs to be taken of the possibility of backing up the priority of the directions chosen by economic means. O.A. Korolev, secretary of the Moscow City Committee of the CPSU, specifically proposed that this be done by means of pricing, preferential financing, credits, and priority allocation of housing. V.A. Shurinov, general designer of "Gomselmarsh," believes that the creation of machines for the priority directions needs to be included in the state order of all those involved in fulfillment; otherwise it becomes a problem to obtain certain parts for the experimental prototype, and the work is held up. Those who spoke agreed that the priorities can be realistically guaranteed only by an interrelated set of measures, and this cannot be regarded merely as priority allocation of financial resources.

Summing up the results of the conference, N.N. Slyunkov, member of the Politburo of the CPSU Central Committee and secretary of the CPSU Central Committee, remarked that the revamping of structural and investment policy in machinebuilding must be interrelated to other national economic complexes and that problems have to be solved, not just raised. For example, this is what has been done by the top officials of the construction and machinebuilding complexes in Ulyanovsk Oblast. They put aside all the documents which previously served as a guide in creating a center for microelectronics in the oblast, rejected offsetting complaints, analyzed the situation that had come about, and outlined specific measures aimed at speeding up construction. Only this kind of businesslike and constructive approach can yield the desired results.

07045

PRODUCTION

Tool Makers Dispute Order To Do Work for Chemical Enterprises

18230063a Moscow SOTSIALISTICHESKAYA INDUSTRIYA in Russian 13 Jun 88 p 2

[Article by Leading Minstankoprom (Ministry of the Machine Tool and Tool Building Industry) Main Production Administration Engineer, War and Labor Veteran and RSFSR Honored Machine-Builder P. Frolov: "Outcry Rather Than Arguments"]

[Text] "The first order of business for the system is to organize its affairs competently. This requires serious changes in the procedure for working up and making administrative decisions...." [From the 19th Party Congress Resolution "The War Against Bureaucratism"]

I want to discuss a decision which is causing certain damage to the national economy. In May of last year the USSR Council of Ministers charged a number of ministries—without their prior agreement—with setting up one-time production of machines and assemblies for the industrial rubber and tire industry. Minkhimmash [Ministry of Chemical and Petroleum Machine Building] enterprises specialize in manufacturing this equipment, but they do so in inadequate quantities.

I will say right now how surprised I am that this order could have been issued. All the more now when we have been spending so much time talking about giving enterprises more independence. In fact, at the time the collectives were busy with the stepped-up quotas for 1987, the 1988 plans were drawn up and most of the output called for in them had already been distributed to the customers.

But be that as it may, no sooner had the May order been issued than Minneftekhimprom began demanding that we immediately conclude a contract to deliver equipment never before manufactured by the machine tool

builders. Why do I feel that this decision is both economically unjustified and plainly harmful? For one thing, our plants do not have the special machine tools needed to manufacture these products. They either have to be purchased for currency, or produced from scratch at a cost of millions of rubles. It costs far more to manufacture products on a one-time basis than to manufacture the products on the price list, and doing so causes tremendous financial losses to both the supplier and the customer. Next, meeting the new quota will force the machine tool builders to interrupt production of several million rubles' worth of equipment called for in the plans and government decrees. These are the first of many breaks in the chain—and they all affect our customers.

And all this is being done so Minneftekhimprom enterprises can have a surplus of equipment we are being forced to produce. But there's no one to work on this equipment. We are convinced of this every time we submit an order for industrial rubber products, when they have to have our people service the equipment at the manufacturing plants.

Nevertheless, notwithstanding all the principles of restructuring, obstinate machine-tool makers are having their "arms twisted" in violation of the Law of State Enterprises. I had occasion to attend one of the meetings in the office of Deputy Minister of the Petroleum Refining and Petrochemical Industry Yu. Sivakov. My attempts to explain that in the present situation, Minstankoprom has no right to "deform" the plants' production plans, were ended by the suggestion that I leave the meeting. "You have received the directive; wriggle out of and throw out any of your plans you want to, as long as you get those machines turned over to me," announced Yu. Sivakov.

But we are not refusing out of obstinacy; we have a counter suggestion: that a working group of specialists from different ministries be formed to reason out ways—as realistically and effectively as possible—to assist Minneftekhimprom enterprises. And we know ways to provide this help. It is germane here to mention that the specific suggestions made at the above meeting aroused the petrochemical workers' interest. However these same suggestions evoked a tremendous outcry from the deputy minister, and this put an end to the discussion of this question.

So it was that the machine tool makers drew fire upon themselves. The Machine Building Bureau was brought in to carry out the May directive. Monthly inspections were made and stern statements began appearing. True, for all this, the logic of our arguments is having an effect on some of the more responsible comrades. They suggest that we find a common language with Minneftekhimprom and Minkhimmash and submit the findings of our agreement in writing. Alas! Our appeals to both ministries remain unanswered.

Meanwhile, complaints are coming in to machine tool makers on all levels. This peculiar "cold war" is gathering strength: the correspondence is piling up and the consequences are getting more complicated.

It is a difficult thing to admit mistakes, and more so when they have been made on high levels. But this must be done. For my own part, as a party member and a specialist who has spent 36 years working in the machine-tool building sector, I feel it is a matter of conscience to abrogate this erroneous and economically harmful decision.

Commentary From the Department of Machine Building and New Equipment

It is a familiar story, and is typical of the "command-and-order" type of economy. True, these economic events were just recently revealed by controllers and journalists....Now, in like fashion, the voice of ministry specialists has been cut off. Things which were formerly spoken of exclusively by the "just-between-you-and-me" bunch in the lobbies and corridors are attributed to openness today, and are brought up for discussion. A good sign of our times. A sign of restructuring.

The popular term for those whom P. Frolov told about is "hole-patchers." There are a great many of them in Minneftekhimprom's tire and industrial rubber sectors. The sleeves on the minister's caftan are worn out. They need to be patched. The USSR Council of Ministers is taking care of it. It is unlikely that this condition resulted from living the good life. But the patching should be done thrifitly. The patches should be cut from good-quality cloth, but not from even more worn-out caftans. So when cutting them out, is it better to seek the advice of the caftan's owner? And is this what in fact goes on? The government allocated over 40-fold as much money (!) to Minneftekhimprom as, for example, to Minkhim-mash. The assets were obviously not put to the best use—or else the tire sector workers would not have had other holes forming. Naturally, the machine tool builders, who were not given their fair share, are now in no condition to fill all the petrochemical sector's orders. The neglected machine tool building sector needs to be strengthened. We need to invest more money in it. But what is actually happening?

The situation which came about in the Yaroslavskiy Polymer Machine-Building Plant (Yarpolimermash, which is the main supplier of tire industry equipment, is quite revealing. Repeatedly, highest-level decisions called for the enterprise to be renovated by initiating construction of a complex in 1988. The assignment was interrupted because Minkhimmash lacked funds. But in this case, why not withdraw the necessary funds from Minneftekhimprom? Because the equipment needed to renovate Yarpolimermash had already been allocated for Minneftekhimprom. Then why not take the funds from the much-talked-of new construction project in Yelabuga? A tractor won't move an inch without tires, you

know. And the same goes for motor vehicles and airplanes. However, it's not our job to look for funds and define priorities. It is our job to expose the command economy setbacks whose days, it is to be hoped, are numbered.

12659

Reduced Use of Metal, Other Resources in Machine Building Urged

18230059 Moscow *SOTSIALISTICHESKAYA INDUSTRIYA* in Russian 8 Jul 88 p 2

[Article by Yu. Zvezdin, general director of the Scientific Production Association of the Central Scientific Research Institute of Machine Building Technology, Moscow: "How To Restrain the Appetite?"]

[Text] We expend three times more metal and power resources on the production of comparable products than the United States. Why? There are several reasons. One of the main ones: We continue to live in the "iron" age. Only 5 percent of all the structural machine building materials are nonmetals. This is an enormous flaw. Apparently, it will remain in the next few years, not because we do not have good alternative materials—ceramics, polymers, polyurethanes, fiber glass, and others. All these are well known things. They have even been mastered—only in the form of individual samples or very small batches. However, mass output is impossible, because there is no industrial base for this.

It must be established...

Only how? To develop a routine goal-oriented program and to force [enterprises] to fulfill it? However, we have been convinced more than once of the low efficiency of such a path. All the more so now, when enterprises acquire ever greater independence. They cannot be forced very much. In the present situation cost accounting only hinders them. After all, cost accounting is primarily economic interest. But what interest do machine builders have in widely applying more expensive, scarce, and, moreover, nonmetallic materials little studied by designers if commodity output in value terms with a simultaneous retention of the ceiling price remains the most important plan indicator? It is not just nonmetals! It is known that with the transition to the new conditions of management enterprises have begun vying with other in giving up high-quality, but expensive, steel of the Oskolskiy Electro-Metallurgical Combine.

That is, there is no demand for highly efficient structural materials for machine building. Therefore, there is no motivation to develop their production. Only in some areas of technology, where the subject of labor, not the economy, is determining—for example, in the space or the aviation industry—are the latest materials applied in a sufficiently wide manner.

The principle "the end justifies the means" has already become unacceptable to the machine building complex. But, I believe, our economic science has simply failed to notice this. Precise criteria of an efficient metal utilization at the national economic level have not been worked out to this day. The concept of resource saving has not been developed on the basis of economic interest of commodity producers. Here one still has to be guided by individual directive indicators or normatives, which express by no means an economic approach to the solution of this problem.

Perhaps I will express mutiny, but the determination of control figures for a reduction in metal and power intensiveness, if we analyze this, is nothing but a recurrence of the practice of regulating all and everything. Many managers and collectives have perceived these indicators as the concrete and, I will stress, ultimate aim. They seek to "cut off" 2 or 3 kg of weight in a series machine. That is, they try to join the planned strategy by old methods and to report on restructuring. But, in essence, a reduction in material and power intensiveness is not at all the end. Not even the means. This is only the consequence of efficient labor. Let us try to imagine a Western entrepreneur, who would set for himself the task of reducing metal intensiveness by a certain percent. Funny, is it not? Profit is his aim. Under the conditions of the fight for the consumer it is possible only with a constant search for a new quality of output and a strict rationalization of production. Therefore, the businessman needs indicators of the efficiency of resource expenditure only for an economic analysis and long-term forecasting and not at all as the ultimate aim. We, however, are still confused up to the point of paradox: For example, we include mutually exclusive things in plans—a reduction in metal intensiveness and an increase in the delivery of metal scrap.

Of course, the problem will be solved fundamentally only in an economic manner—when it will be truly unprofitable to squander resources. However, both then and now it is impossible to manage without very serious technical and organizational transformations. For example, it is necessary to revise the structure of metal consumption and to ensure a wider introduction of modern shaping processes both in metallurgy and in machine building. Let us take stamping. Under the conditions of an acute shortage of metal and an allocated distribution of products many plants are forced to constantly increase the capacities of their set-up production facilities. Considerable efforts and funds are invested in foundries. Meanwhile, it was calculated a long time ago: Steel stampings are almost 2-fold and cast iron ones, 1.5-fold cheaper than castings. This does not mean that casting should be given up completely. However, it is high time to sharply reduce its volumes. A simple comparison: We produce 17 million tons of cast iron annually. But the United States, only 6. Almost one-half of it is high-strength, whereas in our country it makes up only 3 percent.

Why do Americans not need so much cast iron? Because there is dialectics here: Not only is quantity transformed into quality, but also quality into quantity. Foreign machine builders widely use precision shapes and constantly improve metal smelting technology. All this gives a 20- to 30-percent improvement in the physico-mechanical properties of metals and, consequently, their significant saving.

Here it is necessary to stress especially that a reduction in metal consumption is an avalanche-like process and a distinctive chain reaction. Let us assume that we have succeeded in reducing the total weight of machine building output the least bit noticeably. Consequently, less metal will be needed. Therefore, the volume of ore extraction will have to be reduced. When extraction is reduced, so many ore excavators, heavy-freight dumps, railroad cars, metalworking machine tools, and equipment for smelting, rolling, and forging are no longer needed. In brief, according to the feedback principle, machine building volumes will drop. And again it will be necessary to lower the level of extraction. And so along the spiral, coil after coil. The United States, where 122 million tons of steel were produced in 1970 and only 75 in 1986, is a graphic example of this.

We extract five times more iron ore than the United States! And we continue to increase metal production, which also—coil after coil—dictates an increase in the output of equipment for these purposes. Need one be surprised at the technological neglect of other sectors—light and food industries? Machine building cannot handle them. In the apt expression of Vasiliy Selyunin ("Rates of Growth on the Scales of Consumption," SI, 5 January) it becomes increasingly self-consuming. Only about one-tenth of its output is manufactured directly for consumption. The remaining capacities service raw material and other heavy industry sectors.

How to break the vicious cycle? I am confident that it is necessary to begin from the first process stage of machine building—from initial production. It is necessary to set up a general output of a wide list of high-quality metal products and in small batches. This is advantageous neither for ferrous nor for nonferrous metallurgy. Machine building acutely needs this.

Our association jointly with the USSR Academy of Sciences, the UkrSSR Academy of Sciences, the USSR Gosplan, and the VNIImetmash [All-Union Order of Lenin Scientific Research and Planning-Design Institute of Metallurgical Machine Building] Scientific Production Association has developed a proposal on establishing module metallurgical complexes of an annual capacity of 10,000 to 100,000 tons of liquid metal. This will be steel of a high purity and, consequently, of an excellent quality. As compared with presently used brands, three times less of it will be needed. The technology is based on

a pioneering development by the Institute of High Temperatures of the USSR Academy of Sciences. The complexes are to be equipped with new-generation metallurgical units developed by VNIImetmash. According to the results of a preliminary study and discussion, this should be highly efficient production. Furthermore, as compared with ordinary metallurgy, it will be much more satisfactory in the sense of ecology, sanitary-hygienic conditions, and attractiveness of labor.

I stress, we have launched a fundamental restructuring in the economy. Raising machine building to a qualitatively new stage is the key to it. Here it will not be possible to fit into the old mold, as it is impossible through modernization to transform a prewar 1 and 1/2-ton truck into a modern Bel-AZ [motor vehicle of the Belorussian Motor Vehicle Plant].

In brief, it is impossible to do without radical solutions. The system of regional miniplants proposed by us is in the category of such solutions. Our "tsentrolit" will provide a group of machine building plants with high-quality billets, which in themselves will dictate a systematic reduction in metal intensiveness and in the volume of machine tool processing.

For the beginning we plan to establish something like a pilot model—to build a continuous billet casting module at the base of the Chekhov Power Machine Building Plant. In addition to everything else, it is conceived, I would say, as a propagandist and advertising action. Let production workers touch it with their hands. A working sample is much more convincing than fiery speeches, sketches, and designs.

And then the complex will not be built in a week. By that time, I hope, the situation with prices and rates will be clarified even if in general outline. Initial process production will become profitable and the transportation of castings over thousands of verst, unprofitable. Life with economic incentives will prompt enterprises and even cooperatives toward a share participation in the establishment of regional "tsentrolits."

In conclusion, I would like to say that I realize that there will be those who do not agree with such proposals. Why, sensible objections are only beneficial. I am ready to discuss and argue them.

11439

AUTOMATION, AUTOMATED SYSTEMS

Regional Centers for Flexible Automated Production Proposed

18230064a *Tashkent PRAVDA VOSTOKA* in Russian
10 Jun 88 p 1

[Article by N. Muminov, head, UzNPO (Uzbek Scientific Production Association) Kibernetika Laboratory, doctor of technical sciences and professor, under "NTP (Scientific and Technical Progress)—Arsenal of Creation" rubric: "Do Robots Need Guardians?"]

[Text] The machine-building sector determines the social and economic level of the country's development. These

days this level is related to the automation and complex mechanization of production, to the use of program-controlled machine tools, machining centers and robotics. However, the introduction of a few robots, automatic production lines or machine tools with NC is hardly enough to improve a sector's level of effectiveness.

Every enterprise has to know for certain where and how much state-of-the-art equipment pays for itself, promises to free skilled workers and make a profit. Perhaps it is pertinent expert evaluations, which solidly and specifically point out automation and robotization projects, which have the highest priority on this plane. And many people are beginning to understand this. Specifically, Tashkent's Shoe Works No 1, the Geologorazvedka Plant, the Uzirmash Association and a number of other enterprises turned to the Kibernetika UzNPO's Modeling and Flexible Production Systems Control Laboratory for this sort of help. We did the work for most of them and made the appropriate recommendations. Just as, incidentally, we have made them to others in preceding years. We have no doubts as to their correctness. What we doubt is that what has been recommended will actually be done.

Academecian Ye. P. Velikhov once said: "World experience shows that for every ruble invested in science, you have to pay approximately R10 for an engineering study of the ideas. And then another R100 to set up production...." As for the rubles, the state endowed us with them through the budget. And the R10, as mentioned earlier, are found, somehow. The hundred are more difficult. When enterprises find out what robot systems and automation are going to cost them, and the effort needed to obtain the necessary equipment, programs and specialists, then the matter immediately slows down.

When enterprises find out that a robot costs R20-40,000 and all can do is pick up or move a part, they don't want to think about robots. When it is explained to them that a machine tool with NC, which works only twice as fast as a manually-operated machine tool, costs 8-10-fold as much, the reaction is the same. And I'm correct when I say that there's not a single production facility or shop in the republic where the most up-to-date machining centers, machine tools and robots would operate without a loss.

There are five main reasons for this. The first is that they are used to manufacture mass-produced basic parts which are not distinguishable either by a high level of labor intensiveness or a particular grade of precision. In fact, what sense is there in manufacturing the simplest shafts and bushings on a machine tool with NC or a machining center whose productivity is only twice that of a regular machine tool.

The second reason is using new equipment for less than a full 24-hour period. The third—that it is difficult to acquire equipment which fully meets the parameters of

the production task, and it is difficult to rebuild existing equipment. The fourth reason is the scarcity of skilled troubleshooters, electronics specialists and programmers.

Finally, the fifth and one of the most important reasons. Some enterprises have a completely realistic attitude towards automation and robotics. However they have incurred well-known losses by equipping themselves with these machines in order to manufacture very small quantities of parts which require a particular grade of machining. In these facilities, machining centers, machine tools and robots can operate no more than one or two hours per shift, but finished products not manufactured on them will not pass state acceptance, nor will they have the prescribed parameters. The number of these enterprises will increase with time.

How exactly are we to overcome this unprofitability and make the latest equipment in the metal-working sector a profitable and rapidly-expanding affair? The kind of equipment which will lead not a single labor collective to complain about the "R100," in view of the transition to self-financing and cost-accounting [khozraschet].

And what if, to begin with, this "hundred" is put together cooperatively—by "a hundred friends" who are acutely short of the prescribed quantity of high-precision parts. They would put their money together and set up a cooperative super-modern production facility equipped with flexible, readjustable automated production lines, with these lines equipped with NC machine tools and machining centers. What is needed is a RGAPTs cost-accounting [regional flexible automated production center] where orders for its shareholding enterprises and other enterprises would be filled. And where a research subdivision capable of conducting the most expert investigations, with an affiliated methodological training subdivision, would be put into operation. In other words, above and beyond strictly production-related tasks. An RGAPTs could help to more rapidly disseminate and introduce up-to-date ideas about automation. Not just rapid but systematic dissemination, and not based on whim but on objectively developed need. Workers for the new automated production complexes would be trained here.

There is a concept known as the "introduction into society." Someone looks after and appoints his protégés and tries to stress their best qualities and designate their use to the circle in which they are to move. These guardians are also responsible for seeing that all their hopes related to the début of these novices into society are justified. And such is the role of "guardian," proposed for the RGAPTs with regard to robots, NC machine tools and flexible automated complexes.

It should be immediately acknowledged that setting up such a center is difficult. But perhaps there is another, more efficient way to further establish machine building in this republic? Let's discuss it. This is an effort which

needs to be undertaken immediately, lest we be threatened simultaneously with a serious lag in our scientific and technical progress and huge material losses.

12659

Cautious, Critical Approach To Flexible Production Systems Urged

18230060a Novosibirsk *EKONOMIKA I ORGANIZATSIIA PROMYSHLENNOGO PROIZVODSTVA (EKO)* in Russian
No 6, Jun 88 pp 38-48

[Article by L.I. Volchkevich, doctor of technical sciences and chairman of the All-Union Council of Scientific and Technical Societies' Committee on Automation and Mechanization of Production Processes, Moscow, under the "Economics of Scientific and Technical Progress" rubric: "Flexible Systems: Comparison of Costs and Results"; first paragraph is source introduction]

[Text] In the technical re-equipping of the national economy, a large role is being assigned to flexible machine systems [FMS]. Over the years since EKO published an article on this theme ("FMS—the New Turn in Automation," 1985, No 3), new problems have emerged. The matters of increasing the economic efficiency of FPS's [Flexible Production Systems] and the reliability of their functioning are very acute. The selected materials cover this theme.

The Thorny Path of Flexible Automation [FMS]

In machine building, for a very long time there have existed both "firm," unadjustable mass production, in which the same articles are produced over a very long period of time, and individual, small-lot and series production, where various types of articles are manufactured and equipment is frequently retooled. The technical level of mass production, including the level of automation, is much higher than that of readjustable production. The second type of production is based on manually controlled general-purpose equipment and is highly flexible when it comes to shifting to a new product, however, it requires large labor outlays.

In the future, it will not be possible to preserve even one of these types of production in the traditional forms. Large-scale, automated mass production must acquire "flexibility," since producing a specific model of an article (for example, motor vehicles, tractors and so on).

Invariably over the course of the entire amortization period for special equipment means lagging behind in scientific and technical progress and losing in the competitive struggle. But, writing off this equipment after several years of operation with accelerated replacement of the models is ruinously wasteful.

Even more serious changes will be endured by the readjustable type of production. While maintaining flexibility, it should sharply increase the level of automation. There are both economic and social factors which are compelling it to move in this direction. The rapid growth in the workers' educational and cultural levels has radically changed the requirements for labor conditions and pay. Monotonous and difficult manual labor is becoming more and more unattractive and unprestigious among young people. In the not-too-distant future, the many technical means of non-automated production, which currently make up its base, will become socially unacceptable.

Thus, the development of a new type of FMS is inevitable. Of course, it can not be based on traditional technology, equipment and organization. The time is just around the corner when the plant shops without electronic manufacturing equipment and computerized equipment and robots will see, as archaic as, for example, a modern apartment without a television set and a refrigerator. This is precisely why the numerous FPS's are being established as the basis for FMS in all the industrially developed countries.

For a long time, this process has been presented in our country as a dispute-free one, judging by the numerous publications whose authors have been very enthusiastic about the FPS's. Therefore, when the results became known in 1986 of a check by the USSR People's Control Committee of the actual efficiency of 16 FPS's, they produced an effect in certain ministry offices similar to a bomb exploding...

All the examined FPS's were considered to be the best of scientific and technical achievements, with millions of rubles in savings and hundreds of freed-up workers. The reality turned out to be otherwise. Thus, for five FPS's with a total cost of 26.9 million rubles, instead of the promised annual gain of 3.5 million rubles, there were losses amounting to 260,000 rubles. Only 24 people were freed up, i.e., a reduction of one work place cost more than a million rubles!

Among the investigated FPS's, the most well-known is the AKS-10 (automatic machine tool system) at the Zhalgiris plant (Vilnius), which cost 3.5 million rubles. As it turned out, instead of the planned promised annual economic gain of 113,000 rubles, it yielded 360,000 rubles worth of losses for the plant. The transport and storage system of the FPS in the automatic mode is not being exploited and, therefore, the parts, tools and attachments are supplied manually to the machine tool and the control-and-measuring and marking machines are idle. The system for centralized section control from the computer is not operating. Machine tool downtimes have amounted to more than 30 percent of the available time and, during change-outs, from 22 to 130 equipment

rejections are occurring! Therefore, here only preliminary roughing operations are being performed on 85 percent of the parts assigned to the FPS, while finishing operations, just as before, are being performed on general-purpose machine tools.

But this line is still operating. And there is the Kirov machine tool building plant which reported back in 1984 on the introduction of an ASK-01-type FPS with an annual economic gain of 91,300 rubles. In actual fact, at the time, the FPS did not produce a single part. They were not able to start it because a number of units were inoperable and there was a lack of trained personnel and software. By 1986, even working in three shifts, the ASK-01 produced an annual loss of around 170,000 rubles. Despite this, the former leadership of the Ministry of the Machine Tool and Tool Building Industry ordered the compulsory introduction of FPS's of this design at all subordinate enterprises.

It is true that reports are coming in from abroad more and more frequently about the inefficiency of FPS's. According to American data, FPS downtimes amount to 40 percent of the work time, which, with an average cost of 15-20 million dollars for one system, leads to losses of around 1,000 dollars for each downtime hour.

Thus, the flexible automation paths have turned out to be thornier than they had been represented to be just a couple of years ago. We are faced with a dilemma in its full magnitude: do we learn to solve harmoniously the social, technical and economic problems of flexible automation or do we automate without regard to the costs? There has emerged a pressing need to switch science's intellectual potential regarding automation, taking stock of the radiant prospects, to a sensible analysis of the difficulties and paths for overcoming them.

The onset of flexible automation could have been begun either by adding "flexibility" to automated devices already in use under mass production conditions, i.e., the development of readjustable automatic lines, or by pre-automation of the second type of production. Worldwide technical development is currently following the second path. The readjustable automatic lines did not serve as the prototype for the development of the first FPS's, rather the object-specific sections of the general-purpose machine tools and N/C machine tools were used. Included in these sections are: independently operating machine tools, on each of which the maximum number of possible operations are performed in order to avoid repeated handling and exchanging of machined parts; the stock of semifinished and machined parts; and the system for supplying parts to the machine tools and removing them (manual or automated). The loading and removal of the parts, their measurements, the cleanup of shavings from work areas, their removal from the machine tools and other auxiliary operations are also performed manually or with the help of automated devices.

Similarly, standard structural layout plans for FPS's are being developed, in which, as before, there is single-spindle and single-position equipment; with any number of tools in the machining centers' stores, only one tool operates at a time, just like in any manually controlled general-purpose machine tool. The machining methods and schemes have remained unchanged. The FPS's differ from the object-specific sections of N/C machine tools or manually controlled ones only in the degree of automation of control and auxiliary operations (loading, transportation, storage).

Thus, the enormous instructive experience accumulated in mass production has turned out to be "out of place" in the automation of flexible readjustable production. The economic and social effect of automation of mass production has been attained not through a reduction in the machine servicing time and the wage fund, but rather, through the repeated increase in labor productivity thanks to the differentiation and concentration of the manufacturing process operations in time, in multi-tool and multi-position machining, in the continuity of operations and so on. The general-purpose machine tools are giving way in productivity to the multi-spindle automatic lathes and the multi-position "building-block" machine tools by 2-digit factors, and to rotary and conveyor lines by 3-digit factors! At the same time, just as with single-position N/C machine tools used for the same manufacturing purpose, the gain attainable only thanks to the accelerated performance of certain auxiliary transitions is expressed in percentages and, for all practical purposes, is not higher than a factor of 2. These same machine tools, built into an FPS, can not produce any kind of revolution either in productivity or in "worker-free operations": indeed, robots and computers do not put out the products by themselves.

According to our data, at the present stage of development, the FPS's surpass the sections of non-automated equipment which are equal to them in manufacturing capabilities and flexibility in overall cost by a factor of 20-30 with an increase in the productivity per equipment unit by a factor of no more than 2-2.2 and a reduction in the number of workers by a factor of 2-2.5. Therefore, the production cost of a unit of output produced on such FPS's is higher by a factor of 3-4, while the return is lower by a factor of 12-15.

This is being recognized today more and more in many countries, compelling a more careful attitude toward the short-term prospects for expansion of the production of FPS's. According to the estimates of specialists from the Italian firm Comau, there were more than 100 FPS's operating in the Western European countries in 1985, the largest number being in the FRG—28. It is assumed that there will be only 230 FPS's by 1990, 70 of them in the FRG, 45 in France and 30 in Italy. Yet, just a couple of years ago, thousands were called for! "The snowball, which, as we assumed 2 years ago, should already be rolling at top speed, is still a very small little ball at the

top of the mountain," said T. Gann, a consultant for the Arthur Little firm in Boston. "Company directors are clearly not hurrying with the introduction of new technologies."

There is also a lot of other evidence that, in the West, the hullabaloo surrounding the short-term prospects for flexible automation has abated sharply, since the difficulties with the establishment of an essentially new type of production have turned out to be greater than expected, while the attained results are lower. In the opinion of specialists from the Heinemann firm (FRG), the traditional sources of savings (an increase in equipment productivity, a decrease in the number of personnel and so on) are capable of producing no more than 40 percent of the means necessary for recovery of the costs of flexible automation. The primary source is the reduction in the time frame for deliveries of products manufactured on FPS's, which makes it possible to outdo competitors and increase prices for filling orders; the acceleration of the turnover rate of assets and the decrease in the volume of unfinished production thanks to the transition from batch processing to piece processing; the increase in the quality of the products by means of continuous computerization. However, this result during the introduction of local FPS's (up to 6-10 machine tools) within the framework of a single operation or single manufacturing process stage is not being realized. In order to obtain it, it is necessary to have an integrated automation of planning and design operations and the technological preparation of production, of the entire multi-operation manufacturing process and the assembly of the produced articles. At present, we do not have such FMS's in our country. It is necessary also to pay careful attention to foreign firms' advertisements about them, especially those of Japanese firms.

It is not surprising that the basic efforts in the advanced countries are being directed today not at the widespread expansion of FPS's, but rather, at the fastest increase in their technical level and the search for priority directions and applications, through which it is possible to obtain the social and economic result of flexible automation in the shortest time frames. Unfortunately, in our country similar sensible adjustments to the technical policy for the development of FPS's have not yet been carried out. In due course, as a consequence of the uncritical attitude toward foreign firms' advertising, as well as the groundless praising of FPS's in our press, the illusion emerged that their introduction would be capable of almost automatically, regardless of the technical level and actual use conditions, providing enormous economic and social dividends. At the same time, the high efficiency of the FPS's, which can be attained no sooner than after 8-10 years, has been claimed to be already attained. As a result, the increase in the efficiency of flexible readjustable production by its automation has been replaced by the pursuit of the most rapid expansion of FPS's.

Of all the possible technical directions for automation of flexible production, only one has been artificially picked

out—the development of an FPS, which has been legitimized by the corresponding state standards. The ministries established target figures for the FPS based rather on momentary considerations than on a thorough analysis of requirements and capabilities. It became customary to have compulsory planning and spreading of FPS's to enterprises from above, regardless of their readiness and the completeness of the proposed technical solutions. Hence, the striving at any price to conceal and distort the true results of their introduction. As a result, a hasty general spreading of overly expensive, technically imperfect, operationally unreliable, socially minimally effective and economically unprofitable FPS's is occurring.

In 1986, ENIMS [Metal-cutting Machine Tools Experimental Scientific Research Institute] checked more than 300 ministry requests for the development of FPS's. Of them, only 35 were found to be sensible and well-founded. Nevertheless, all these hundreds of FPS's have been included in the USSR Gosplan's "Nominal List"—for the sake of a satisfactory report.

For several years, a standards document has been in effect in the Ministry of the Machine Tool and Tool Building Industry on evaluation of the economic efficiency of FPS's, which openly demanded the distortion of reality. For any FPS, it was directed that output be computed according to a three-shift work schedule. The use factor for FPS's was assumed to be equal to 0.8-0.85, while it was barely half that for general-purpose equipment with a much higher level of reliability. It was proposed that all kinds of deductions be made for the expected outlays for the development of the FPS's. Thus, this document required not an evaluation of the actual efficiency and advisability of developing FPS's, rather it compelled justification of their introduction no matter what.

The adopted procedure for elaboration of the development and introduction of FPS's brings about a scattering of responsibility among many departments (the consumer plants, the head organizations, the general projects, the component suppliers, etc.), not one of which is completely responsible for the final result. Objectively, there is no department for which the additions and falsification of the results of the introduction of the FPS's would be disadvantageous.

The administrative compulsion to develop FPS's is aimed first and foremost at the consumer plants. They are obliged to perform a great number of operations which rightly should be done only by specialized planning and design collectives. Enterprises are supposed to apply to the planner, agree to allocation lists for the FPS components and planning charts for the distribution of operations, accept equipment from the suppliers, join its various components together, design and manufacture attachments, and develop the necessary software. They are forced into the roles of pushers and petitioners, and

the suppliers of these components and other subcontractors can provide not what is needed, but rather, what they have and what they want. Ultimately, the enterprises which have been given the responsibility for all the operations for the start-up and adjustment of an FPS are themselves obligated to accept them! After this, try not reporting on its high degree of efficiency!

Thus, the planning, the organization of operations, the bookkeeping and the administrative pressure are directed toward one point—producing as many FPS's as possible and it is not important what kind, where and for what purpose. At the same time, the systematic and organizational support has been regulated in such a manner that not a single most absurd, groundless, unprofitable from the start FPS project encountered any obstacles. In the name of what are we condemning ourselves to multimillions in losses? Throughout the world, a furious race is going on to increase the technical level of FPS's and to attain their actual degree of efficiency. While, during the work on window-dressing, quantity is being pursued without regard for quality.

One of the most important principles of a sensible technical policy is the principle of timeliness. Any innovation over the course of its own development should go through a series of stages (generations): idea—model—experimental design—reliably operating design—economically efficient design. Each stage is characterized by three basic technical and economic indices: outlays for manufacture, productivity, and reliability. Only in the final stages, when these indices attain perfection, can the innovation ensure production progress and deserve introduction and distribution. A sensible technical policy consists of not losing time during the development of promising ideas and going through all the stages in the fastest manner, without yielding to the temptation of distribution ahead of time of immature technical solutions, no matter how promising they seem.

Yet, these temptations are great. Each principlly new direction (ASUP [Plant Management Automation Systems], SAPR [Computer-Aided Design], industrial robots, FPS's, FMS's and others) uncovers new horizons and possibilities and promises the solution of many difficulties. Hence, the large expectations, the enthusiasm, the impatience and, consequently, the mixing of the radiant prospects with the present-day realities.

What needs to be done in the situation that has been created? It is undoubtedly necessary to continue the work on automation of flexible production, but on another basis. It is necessary to do, finally, what should have been done in the beginning many years ago: formulate principles for the technical policy for the development of FPS's, define the concepts for their construction as an integral part of FMS and confirm the priority tasks and directions for the concentration of forces and resources, proceeding from the actual situation and economic capabilities. For, as has already been noted, flexible production as a unified whole does not exist and

there are profound differences not only in the articles and the manufacturing divisions, but also in the type of production itself. Along with flexible mass production, intended for the large-scale output of a single type of product with subsequent complete restructuring of the equipment for the production of a different model, there is series production of relatively stable products, where the readjustment of equipment is dictated by the limitedness of the series and the impossibility of assigning each unit of equipment a single operation. Hence, the assignment to a group of equipment in series production of a constant variety of products.

But there is individual and small-lot production with an undefined list, which is drawn up according specific orders, with the broadest range of operations for each unit of equipment. For some reason, the opinion has formed that, once an FPS is first allowed to be automated for this type of production, then they have to be used primarily for this purpose! Is that really so?

The economic efficiency of the introduction of automated systems depends directly on the scale of production, since the savings in the production cost per product unit are multiplied by the volume of output. They are less for single-type product units during individual and small-lot readjustable production and more during big-lot and mass production. Moreover, during the solution of any non-traditional automation problems, success is achieved faster and more reliably wherever it is possible to apply previously accumulated experience and use tested methods and solutions.

We have an enormous amount of experience in the automation of mass production. Next comes big-lot production, where this experience even now can be used to a great degree, for example, in developing readjustable automatic lines. Farthest away from mass production is individual and series production, for which the experience in mass production automation is almost unusable, and, therefore, it is necessary to "plough new ground" with enormous outlays and results that are meager for the time being.

And, finally, the effect of automation is greater when the constructive indices for the variety of articles assigned to specific readjustable equipment are more stable. And here the best conditions are in big-lot production and the worst in individual production. Therefore, there is every reason to assume that already in the not-too-distant future, the center of gravity for priority developments and the introduction of FPS's will shift from the area of individual and small-lot production into the area of big-lot production.

The most important point is the use in FPS's of multi-tool and multi-position manufacturing equipment capable of performing several operations simultaneously.

Already a part of FPS's are machine tools with interchangeable multi-spindle attachments and versatile machining, which provide a gain in productivity comparable to the increase in equipment cost.

Also unquestionable is the spontaneously established priority in the development of FPS's for mechanical machining. Here the delay in thinking has a simple effect. I think that very soon in worldwide practice the FPS's for heat treatment will receive accelerated development, along with those for the application of galvanic coatings, the wiring of printed circuit boards and other processes.

A basic restructuring of the technical policy in the field of flexible production automation needs to have as its basis the following:

- giving priority to increasing the technical and economic indices of FPS's by more sensible methods under specific conditions;
- giving priority to increasing the technical level of the FPS's prior to striving for their fastest distribution;
- giving priority to the initiative of enterprises "from below" over the administrative pressure from ministries and departments;
- giving priority to the development of integrated special purpose FPS's wherever it is possible to attain their high degree of efficiency in the shortest time frame.

No less urgent than the matters of the technical policy also are the organizational measures aimed at eliminating the permitted distortions. Apparently, it is necessary to bring into conformity the integrated special purpose programs in the field of robotics, FPS and SAPR and to provide for the expansion of the technical base for the planned resources for flexible production automation. It is necessary to get away from "general" planning of all FPS's in the country at the USSR Gosplan level and, instead of this, develop within the framework of the USSR Gosplan and the State Committee for Science and Technology an effective system for controlling the process for increasing the technical level of FPS's according to the parameters of high speed, reliability, mobility during readjustments, "worker-free operations" during use, specific capital outlays and so on. Within the framework of this system, for the priority types of FPS's, there should be a competition for the development of components and systems as a whole, with the provision of priority financing and material support for this work, state evaluation of the results and large prestigious awards for the winning collectives.

Undoubtedly, it is necessary to change the system for developing and introducing FPS's so that the enterprises would assume the role of the customers, while all matters pertaining to the development of the FPS's would be

solved by specialized organizations, as is the custom, for example, for automatic lines. In order to do this, it is necessary to establish in the Ministry of the Machine Tool and Tool Building

Industry and in the other machine building ministries specialized cost accounting research and production associations for flexible production automation, entrusting to them the economic responsibility for the results of introducing the FPS's and such "engineering" functions as planning and coordination of deliveries of standard components and the development of special components; for the joining of components and the assembling of FPS's and system adjustment; for the sale of "turnkey" FPS's to the customer enterprise.

The most serious question is: at which enterprises should the FPS's be introduced first? Should they turn to "diminutive" FPS's, dispersing them to a great number of places, or should they develop integrated ones at the advanced enterprises? It seems to us that only the second direction will make it possible to check properly the economic efficiency of the FPS's. It is precisely at the advanced enterprises that it is possible to establish a beachhead for the accelerated development of flexible automation, from which, subsequently, will begin its advance into all the production units.

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ROBOTICS

Problems With Industrial Robotization, Automation Discussed
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[Article by V. Shlemin: "The Robot Is Running Errands"]

[Text] The inactive automatic lines with disconnected robots resemble an ocean liner aground. It is an imposing and dismal sight.

"Don't pay attention," I. Semin, chief of the Technical Information Department of the Motor Vehicle Plant imeni Leninskiy Komsomol, hastens to say. "They are apt to be idle here. The line is designed for the production of a new model. But, as compared with the series model, we no longer produce so many of them. That is why we slow down the robots."

The day, as though deliberately, turned out to be unlucky. Some robots were idle owing to a breakdown and others were in preventive maintenance. I did not understand how many out of the existing 75 robots operated. Yet each cost the enterprise more than 100,000 rubles; one-third of which was paid in currency.

No, I did not come to the plant in order to search for an object of criticism. Conversely, the Ministry of the Automotive Industry recommended the Moscow Order of the Red Banner of Labor Motor Vehicle Plant imeni Leninskiy Komsomol as the leader in the business of robotization.

"Automation and freeing people from heavy and harmful work are our main goals," stresses V. Shabalin, deputy chief production engineer. "Soon we will begin to install another line. We have long felt the benefits of the innovation."

It is always uncomfortable to interrupt an enthusiastic person. Even if one does not agree in everything with him. Therefore, I sit and keep silent, although I have many questions. The deputy chief engineer talks about the flexibility of lines, that is, the possibility of promptly switching production from one product to another. However, it is not clear why then, instead of a new model, an old one cannot yet be produced on them. Or he talks about the high quality of performance of operations. It is well known, however, that as yet a robot is programmed for 3,000 weld spots, but it needs to make 500 more of them. Furthermore, contact precision ranges within a plus-minus millimeter interval—is this not much for a modern passenger car? "Automation is the main goal." However, workers load and unload lines in the old way by means of telphers. One absents himself and another lingers—equipment worth many millions again stands idle.

Nevertheless, robotization is carried out at the Motor Vehicle Plant imeni Leninskiy Komsomol—fair to middling. Perhaps, its rates also leave much to be desired (about 1,000 welders are engaged in production, but there are not even 80 robots). Perhaps, it is carried out with insufficient engineering-technological support (quality of accessories is still not high and lines are loaded poorly). However, in machine building today this is one of the few real examples of introduction and utilization of advanced and comparatively modern robots. Better results could be obtained if from the very beginning this entire activity would have been fortified with a thought-out and clear concept of robotization in production. However, where should it be taken? Unfortunately, this problem is by no means the problem of one enterprise.

Specialists note the need for a preliminary definition of the strategic goal of robotization. Not freeing people and then developing new technologies should become its goal, but precisely the opposite: developing new technologies, which make it possible to attain a rise in the productivity, quality, and efficiency of labor and, as a consequence, freeing people. Only with such an approach will robotization prove effective. The logic is obvious. Why did it not work this time?

At the beginning of the 1980's the need to overcome the lag permitted in the field of robotization was determined by a number of decrees and a scientific and technical program was adopted. Its goal: To catch up with and overtake foreign countries in the output of industrial robots. But when planning bodies joined this endeavor with the tactics "based on what has been attained," the wheel of growing assignments began to spin to its utmost. In 5 years the volume of production of new equipment increased fivefold. More than 80,000 robots and robot sets were produced in the country by the middle of the 12th Five-Year Plan. In fact, in this indicator we outstripped all the industrially developed countries in the West and Japan. The Moscow Krasnyy Proletariy Plant alone in the last 3 years offered 12,000 units of such equipment on the market. Not by chance is it now called the biggest producer of such systems. Is this impressive? However, this leadership sticks in the throats of the plant workers themselves. A serious sales problem was created. There are not enough... buyers of modern equipment.

"Last year we were still lucky," G. Charikov, chief of the sales department, says. "We managed to correct the plan toward reducing it by more than 1,000 units. But I have no idea what we will do now. Since January we have lived on cost accounting, but only one-half of the portfolio of orders for robots and sets has been formed. It seems that we are threatened with damages and considerable at that. The expected profit losses amount up to 50 million rubles."

Alas, even the "prestigious" output interests hardly anyone. Expensive slowly operating devices are not included in the plans for the technical retooling of enterprises. However, who takes them? Yes, the enterprises that have not yet changed over to cost accounting or have special financial opportunities in the form of centralized capital investments. However, they are becoming fewer and fewer.

"We will change over to cost accounting only next year," says Yu. Vakulin, chief of the Technology, Automation, and Mechanization Department of the Vodopribor Plant. "As long as we enjoyed the opportunities of the state pocket, we also took the robots of Krasnyy Proletariy. Tomorrow we will not take them."

Nevertheless, there is no fully adequate replacement of the output of Krasnyy Proletariy. About 800 models of such equipment are produced at 142 enterprises of 18 ministries. The lack of a proper production coordination and fragmentation in design and research work lead to the fact that many models duplicate each other. On the whole, all of them in their basic indicators lag behind the world level and are good only because, owing to simplicity in set completion and assembly, they can be produced even by nonspecialized plants and associations.

An impression is created that the basic direction in robotization has not been selected to this day. In contrast to foreign robots designed primarily for an independent

performance of certain technological operations, the overwhelming majority of domestic industrial robots plays the role of an auxiliary mechanism in servicing metal-cutting equipment. The entire function of such a device lies in conveying the billet to the machine tool and then removing the finished part.

Consequently, we entrust the robot with the simplest operation. Hence the main shortcoming in such a modernization. Productivity growth does not take place. The machine tool operator, who services three or four numerically controlled machine tools, can also manage without the help of a robot. True, the intensity of his labor will be higher. In such a case, however, introducing manipulators, we will pursue a narrow goal: To facilitate the operator's labor. The following question arises here: Is the development of such conveniences not too costly for the economy?

The use of expensive, but not very effective, equipment sharply raises the production costs of a product, be it a machine tool or a baby carriage. As a result, either the enterprise will incur losses, or an excessive price will be presented to the consumer. One way or another, a blow will be struck against the very same person, for whose good automatic machines are allegedly introduced.

The process of robotization is in no way economically stimulated in our country. There are neither state subsidies for the purchase of robot sets as in the United States, nor allowances from deductions for new equipment as in England. The enterprise manager, making a decision on the introduction of an automated line or a set, takes a serious financial risk.

Evaluating the situation, Yu. Kozyrev, deputy chief of the Department for Problems of the Machine Building Complex of the USSR State Committee for Science and Technology, clearly sets forth technical errors in the introduction of robots and lucidly explains the miscalculations permitted in the introduction of corresponding sections of five-year plans. As soon as the talk reached concrete decisions, Yuriy Georgiyevich stuck to contradictory arguments...

"By the year 2000 we intend to significantly change the proportions in the application of robots in the national economy, to lower the number of those servicing metal-cutting equipment, and to increase the number of technological robots."

And then and there he says:

"However, why should we follow Western models? Our pool of metal-cutting equipment reaches 5 million units. There is approximately the same number of machine tool operators here. At the same time, the number of

people employed in welding, painting, and other operations is one-fourth or one-fifth of the above. Thus, to where should manpower be sent primarily? Of course, to processing production. With this we will also cover the shortage of personnel."

This is not a private point of view, but the official opinion of an organization forming the principles of technical policy. From the subsequent talk it became clear that the USSR Gosplan also adheres to such a position.

"Yes, what position can we have today?" V. Novikov, deputy chief of the Department for Scientific and Technical Progress in Machine Building, retorted. "With the transition to new forms of management enterprises and ministries now have the right to decide themselves what they should introduce and, specifically, in what volumes. We only rarely mention the need for the attainment of control figures. For example, to fulfill control figures, during this five-year plan machine builders will need three times more machine tool operators than there are. It would be possible to get out of the situation by means of robots. However, becoming convinced that the plan does not have such a position, most enterprises will completely abandon robotization."

It is sad to realize that specialists of such prestigious institutions to this day do not see an alternative for administrative-command methods of activating scientific and technical progress. They take the independence of enterprises as the possibility of shedding the burden of responsibility for the realization of intersectorial and

statewide programs. Who will undertake to establish the need of enterprises for robots and robot sets and to give recommendations for the introduction of new equipment?

Only one-half of the robots and modules produced in the country have been introduced to date. The other half has accumulated at warehouses and bases. If we take into consideration that, on the average, a robot costs about 10,000 and a set, 35,000 rubles, it turns out that equipment worth almost hundreds of millions of rubles has been frozen.

Incidentally, the situation is interesting. Complaining about consumers not wishing to take the plant's output, Krasnyy Proletariy itself also does not rush with robotization. Suffice it to say that there are only several dozens of robot sets for 1,500 units of metal-cutting equipment. This most modern equipment in the entire sector was already obsolete—from the point of view of the structure and systems established there—as far back as when it was put into operation. However, its minuses are not visible from galleries encircling robotized production.

Of course, justifications can be found. Now, however, it is much more important to realize that the policy of filling the market excessively with industrial robots of obsolete designs and their forced distribution are disastrous for this endeavor. It is not too late to stop. It is still possible to reduce the production of imperfect and obsolete models to one-half or one-third without damage to scientific and technical progress, to concentrate forces, to determine the real technical policy of robotization, to prepare promising design solutions, and only then to begin the introduction of truly promising equipment capable of changing a great deal in our work.

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